# Articles

## Notes

### Skype 12/16/14

#### To prep

* Rawls NC – umemployed are worst off
* Dignity of Work Aff
  + Ableism is better tho
    - Dignity being tied to ability to work is ableist
* K of method of living wage calculation – couple w/ spec maybe?
  + Harms cards that talk about “feeding a family of four”
* Marshall
  + Why do wages have to be connected to work?
  + Unemployment turns the shit out of this case – no work is less dignified than slightly less compensated work
    - A2 “it’s means based” – it’s not about human recognition, but the circumstance of working itself

### To Read

#### Commons/neolib type stuff

http://athensbiennale.org/en/event-process/the-creation-of-the-urban-commons/

Organizing at the margins: The symbolic politics of labor in South Korea and the United States

#### Kant

4Norman E. Bowie. A Kantian Theory of Meaningful Work. Journal of Business Ethics, Vol. 17, No. 5 9/10. 1998. Jstor

Bowie, Norman E. “Chapter 3–Kantian Ethical Thought.” The Ethics of Human Resources and Industrial Relations. Ed. John W. Budd and James G. Scoville. Champaign: LERA, 2005. 61-88. Print. Labor and Employment Relations Association Ser.

6Bowie, Norman E. “Chapter 3–Kantian Ethical Thought.” The Ethics of Human Resources and Industrial Relations. Ed. John W. Budd and James G. Scoville. Champaign: LERA, 2005. 61-88. Print. Labor and Employment Relations Association Ser.

#### Misc

17 David Macpherson and William Even, “Wage Growth Among Minimum Wage Workers,” Employment Policies Institute, June 2004, p. 3-5, at www.epionline.org/studies/macpherson\_06-2004.pdf.

#### UBI

http://www.economist.com/blogs/democracyinamerica/2013/11/government-guaranteed-basic-income

#### Generic econ debate

Wolfson and Belman

http://www.monografias.com/trabajos97/impact-of-minimum-wage-on-unemployment-the-chilean-case/impact-of-minimum-wage-on-unemployment-the-chilean-case.shtml

#### Global

Labour standards under decentralisation and globalisation ...

muir.massey.ac.nz/bitstream/handle/10179/1608/02\_whole.pdf

by IM Surbakti - ‎2005 - ‎Related articles

An Unfair Safety Net?

Australian Bulletin of Labour

Volume 36 Issue 3 (2010)

Wooden, Mark

#### Geography

Constrained agency? Re-evaluating the geographies of labour

#### Neolib

Neoliberalism as unexceptional: Economic zones and the everyday precariousness of working life in South India

Introduction: Researching Living Wage Possibilities Globally

Opposition to the Living Wage: Discourse, Rhetoric, and American Exceptionalism

#### Misc

Measuring Quality of Life of Apparel Workers in Mumbai, India: Integrating Quantitative and Qualitative Data on Basic Minimum Needs, Living Wages, and Well-Being

An Unfair Safety Net?

International factor mobility, minimum wage rates, and factor-price equalization: A synthesis

Minimum wage in a general equilibrium model of international trade and human capital

The quest for a living wage: The history of the federal minimum wage program

Minimum wages and the incentives for skill formation

#### Books

Larry Bartels’ Politics Unequal (2008) – about the political effects of wealth concentration

and Chris Howard’s The Welfare State Nobody Knows (2007) – effects of welfare state policies and how they keep the man down

Living Wage Movements: Global Perspectives

All You that Labor: Religion and Ethics in the Living Wage Movement

#### Articles about early city LW – probably useless

Pollin, R., G. Dymski, D. Fairris, M. Weisbrot, M. Brenner, M. Cook, T. Levine, S. Luce,M. Schaberg, M. Sforza-Roderick, and B. Wiens-Tuers. 1996. Economic analysis of the Los Angeles living wage ordinance. Unpublished paper, Department of Economics, University of California, Riverside.

Weisbrot,M.,andM.SforzaRoderick.1996.Baltimore’slivingwagelaw:Ananalysisofthefiscal and economic costs of Baltimore City Ordinance 442. Washington, DC: Preamble Center for Public Policy.

Williams, E. D., and R. H. Sander. 1997. An empirical analysis of the proposed Los Angeles living wage ordinance. Unpublished paper, Department of Economics, University of California at Los Angeles.

Niedt, C., G. Ruiters, D. Wise, and E. Schoenberger. 1998. The effects of the living wage in Balti- more. Washington, DC: Economic Policy Institute.

#### A2 Employment loss – low priority, we got cards out the ass

Arindrajit Dube, T. William Lester, and Michael Reich, “Min- imum Wage Effects Across State Borders: Estimates Using Contiguous Counties,” Review of Economics and Statistics 92, no. 4 (November 2010): 945-64;

### Notes

* Existing programs
  + EITC in 26 states
  + 29 states raised MW and some indexed them to inflation
* History of LW
  + Baltimore was the first city to adopt in 1994

## Unsorted by Article

### Ideas

#### K aff

Fem

Geography

#### Topical Aff

International aff

### Job Creation K

#### Link – “job creation”

Barchiesi 12 [Franco Barchiesi. “Liberation of, through, or from w ork? Postcolonial Africa and the problem w ith “job creation” in the global crisis.” Interface, Volume4 (2): 230 – 253 (November 2012)] AJ

South Africa is, of course, part of a broader scenario where the imperative of “job creation” underpins, reproduces, and sanitizes all sorts of regressive discursive modalities in the public arena. “Job creation” provided crucial legitimizing ammunition to the ferocious austerity with which European and American elites have rescued corporations and financial capital in their current crisis. In the debates preceding the 2012 presidential elections in the United States, unprecedented corporate power is reclaiming credibility as financial oligarchs present themselves as “job creators”; extreme social inequalities, tax cuts for the rich, draconian slashes to social programs, environmental devastation, and the constant downgrading of workers’ living conditions get a pass all in the name of “job creation”; the injunction to “go back to work” underwrites the blatant racism of arguments that equate receiving welfare benefits with “ghetto values”. But unions and social movements too, including much of the celebrated “Occupy Wall Street”, find it difficult to articulate any claims without feeling compelled to justify them in terms of their contribution to employment. It seems indeed that almost no basic vocabulary of social justice – let alone change – that is not centered on the labor market is imaginable and speakable in the American civil society. To the extent “job creation” has signified a massive displacement of desire that paralyzes systemic critique, it can well be the case that “the continuous, stolid attachment to production and employment in discourses of social justice would then enable critical powerlessness and renewed subjugation” (Barchiesi 2011: 247). The left has historically presented its advocacy for economic participation as different from capitalist job creation by echoing a classical distinction between “work” as multifarious, cooperative human productive activity and “labor” as the reproduction of biological life under capital’s dictates. Weeks (2011: 15) has convincingly argued, however, that the distinction between work and labor is irrelevant to critiquing a reality where capitalist work ethics legitimizes itself by fusing economic necessity and normative values. Assuming that unalienated and unexploited work is achievable within the existing order of things would thus run the risk of focusing contestation on the meanings of employment values rather than on the social relations that produce and benefit from them. Liberal, socialist, or social democratic left forces have long argued that job creation, possibly to the point of full employment, constitutes an objective limit on capital’s ability to compress wages and benefits. The possibility seems however to emerge, on the contrary, that the centrality of “job creation” in an imagination that calls itself progressive, but is increasingly unable to argue for radical redistribution and the types of conflict that makes it possible, normalizes indeed the precarity not only of jobs but of the very existences that are forced to depend upon them. The convergence of left and right around “job creation” has given it an unassailable centrality in policy responses to the current global capitalist crisis. As Archimedean points of the policy discourse, it is then little wonder if productivism and work ethic underpin both the right-wing populism of the “Tea Party” and the Obama administration’s embrace of fiscal favors to corporations. Yet, as the “middle class”, American shorthand for workers with decent, stable jobs with benefits, has eroded and faded into a purely imaginary construct, productivist rhetoric has provided scant solace to the swelling ranks of the working poor navigating their way through widespread downward social mobility.

#### Discourse of jobs is bad

Barchiesi 12 [Franco Barchiesi. “Liberation of, through, or from w ork? Postcolonial Africa and the problem w ith “job creation” in the global crisis.” Interface, Volume4 (2): 230 – 253 (November 2012)] AJ

Taking aim at the centrality of work in the governmental norms of societies where jobs as such are the constitutive condition of precarity highlights two important political tasks. First, one has to recognize that employment-based understandings of emancipation have to be discarded as their recentering of desire around employment is indeed a uniquely effective enabler for authoritarian identifications and collective realignments along governmental rationality. Second, the precariousness of employment, rather than its idealized celebration, must be placed at the core of a new grammar of politics and modalities of conflict, which can counteract the socially pathologizing representations into which the sociology of work and technocratic policymaking have cast precarity.

With such critical tasks in mind, the rest of this paper pushes the problematization of “job creation” discourse a step further by questioning its position within the current global capitalist crisis. What motivates my analysis is not only the fact that creating employment has retained, in solutions to the crisis proposed by the right and the left alike, a far stronger normative centrality than, say, resource redistribution. It is not even the apparent fact that the systematic degradation of existences forced to rely on, or hope for, capitalist employment for their survival is one of the most evident and painful manifestations of the crisis itself. To be satisfactorily addressed, in fact, those developments require a deeper theoretical and political interrogation of contemporary imageries of progress that have kept economic activity and labor market participation as decontextualized signifiers of empowerment and social virtue regardless to all empirical counterevidence.

The issue, in other words, is not of weighing the normative centrality of employment against its relative desirability or its practical, sociologically discernible consequences of improving people’s lives, which often makes the choice between a bad job and no job at all the only admissible and significant alternative. I am rather interested in the governmental effects of “job creation” discourse, its capacity to deploy languages, knowledges, and representations that produce a social order by orientating values and conducts, signifying social existence, and structuring social conflicts.2 Removing “jobs” from the normative abstraction of policy categories allows one to study how ideas of economic activity practically make subjectivities and social relations governable by normalizing and ensuring predictability to the tensions, inequalities, and violence of market relations. An alternative – reductive and misleading – approach would be to assume the society in which “jobs” are to be “created” as natural and given rather than the result of political contestation and the policies that create such jobs as mere techniques rather than manifestations of discursive forces laden with power.

#### Globalized capital colonizes life forms through the marketization of knowledge and language – this shift away from wage work dissolves the barrier between work and leisure, allowing capital to infiltrate every space of existence

Barchiesi 12 [Franco Barchiesi. “Liberation of, through, or from w ork? Postcolonial Africa and the problem w ith “job creation” in the global crisis.” Interface, Volume4 (2): 230 – 253 (November 2012)] AJ

The global crisis and its social impacts foreground what Christian Marazzi (2010) calls the “violence of financial capital.” By that expression he means that profit-making in the current context of corporate globalization depends on the colonization and capture of life by finance, which turns life into an immediate factor of production, subject as such to the full destructive impacts of fluctuations in financial markets. Echoing a philosophical trajectory spanning from Baruch Spinoza to Gilles Deleuze and Giorgio Agamben, “life” does not mean here just zoë, mere biological subsistence, but rather “life forms” as the relationshipsof social cooperation bodies have to one another in order to increase their potentials to transform material reality (see Armstrong 1997). Therefore, financial capital colonizes life through the appropriation and commodification – or the transformation into profit and private property – of the constitutive elements of social cooperation: knowledge, language, and desire, which arepart of what Hardt and Negri (2010) call “the common.” Under the specific profit expectations of financial capital, Marazzi continues, the labor force has undergone a profound transformation as the commodification of knowledge, language, and desire has created a “cognitive proletariat” for which old distinctions, such as that between workplace and society, or between producer and consumer, no longer apply. Older unionized constituencies are fragmented along differentially precarized employment relations with variable duration and juridical status. The erosion of jobs goes hand in hand with the decentralization towards the consumer – or, at this point, “prosumer” – of parts of product development (as in the online testing of new software) and actual production and distribution processes (as in the transportation and assembly of furniture or the self-scanning of purchases in megastores like Ikea or WalMart), which reduce the demand for stable employees. More generally, companies appropriate the cognitive, linguistic, and communicative skills individuals develop throughout their social life course while striving to become employable in a context of declining guarantees and protections. A case in point is the exponential expansion of “internships” as a mode of first employment in developed and developing countries alike (Ross 2010, Perlin 2011). But financial capital does not only precarize labor through its restructuring of manufacturing and commerce. It has also indirectly put forms of life to work by, for example, recasting desire into consumption backed by personal debt and securitized home equity loans, in themselves major factors of the current crisis. Non-wage assets, of which personal and household debts are a large share, have by now surpassed wages as the driving force in the realization of profit through the sale of products incorporating surplus value (Marazzi 2010: 30). As a move towards accumulation based on finance, neoliberalism was a response to both the shrinking profit margins caused by militant working classes with a “social wage” in the postwar manufacturing economy and the constraints of low-wage labor regimes in realizing value within the subsequent context of globalization. Financial capital thus finds new profit avenues less by directly employing workers than by capturing and commodifying the living across the workplace- society continuum (Morini and Fumagalli 2010, Roggero 2010). We are dealing, in other words, with a pervasive process of enclosure, not dissimilar from the “primitive accumulation” observed in previous capitalist transitions. Contrary to the “old” enclosures, which focused on natural resources like land and water, the new enclosures of financial capital, its processes of turning the common into property, has life – desire, language, knowledge, social cooperation – as its object (Hardt 2010). The producers of capital are thus no longer encompassed by the direct production process, the workplace, and the waged working class. Capitalist valorization relies in fact less and less on measuring, negotiating, and appropriating labor power according to quantifiable entities, such as work effort, the duration of the working day, the cost of workers’ reproduction. Rather, as life is put to work under the aegis of finance, capital incorporates at virtually no cost the productive potentials of an everyday social cooperation that pre-exists capital, is autonomous from it and, most importantly, is capable of discursively and linguistically signifying its autonomy. The move implies a few decisive consequences. First, once capital’s enclosure and appropriation of common living labor exceeds the wage relation, the distinction between the traditional Marxian categories of profit and rent tends to disappear (Vercellone 2010). Second, the precarization of employment is thus not primarily determined, as in the conventional wisdom of much productivist sociology (Bauman 1998; Beck 2000; Sennett 2000), by the breakup of existing working classes forced to lose protections, collective organizing, and rights, which underpinned welfarist ideologies of work with dignity. Instead, precarization consists of making labor’s living substance – which otherwise deploys its productive powers in its autonomously pre-existing capital – depend on market competition and the imperatives of value creation. I am using here the word “pre-existing” in a non- essentialist manner; it does not refer to a social realm that comes “before” capital (as in “pre-capitalist modes of production”) or stands “outside” it (as in experimentations with alternative lifestyles or the idealization of “noncapitalist” subsistence economies in some activist literature; see Bennholdt-Thomsen; Faraclas, and von Werlhof 2001).3 It rather means that capitalist development, including its most recent version as the globalization of financial capital, is a response to the challenge of turning the common into private property and rent/profit. By addressing that challenge through the direct colonization of life– which disposes of the prior passages of turning life into “abstract labor” and waged employment – capital also exposes itself to new potential fractures and instabilities. As a source of value, living labor is different from waged work: the latter is created by capital, the former is not. Rather, the cognitive (linguistic, discursive) autonomy of living labor defines precarious employment, with its attendant expectations, claims, and needs, as a contested field of signification (Barchiesi 2011: 6-12). Furthermore, turning social cooperation into profit and subjecting it to market discipline, both necessary functions of capital, also profoundly destabilize capital. They in fact require a “freezing” of the creative potential of social cooperation into the narrow, and usually painful and anxiety- ridden, path, of market competition.

#### Impact – cont

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That “freezing” of living labor around the imperatives of survival in a context of growing insecurity, cutbacks of public services, and socioeconomic inequality ignites thus new conflicts where, as it surfaced in some of the Arab revolutions of 2011or the insurrections against austerity in Southern Europe and the United Kingdom, demands for “dignity” autonomize themselves from the labor market and the requirements of production. Conversely, such movements unpredictably displayed the capabilities of cognitive labor in structuring, for example though the use of electronic media, the space of confrontation (Revel and Negri 2011). Social contestation can now hardly be explained by the dialectical modalities dear to the old left, where the development of the forces of production clashes with prevailing relations of production. It is rather that, as capital tries to incorporate pre-existing relations of social cooperation into its forces of production, these latter find a terrain of struggle by defining their productive capacity in antisystemic terms.

#### Job creation discourse = neolib

As a result of their celebration of productive employment, left and right forces alike have ended up sharing a policy emphasis on “job creation”. In the encounter, the left’s demands for “decent jobs” have melancholically longed for a lost world where capitalism could be allegedly attuned with solidarity and social justice. The move could do little to counter capital’s definition of jobs as dependent variables of market laws, which allowed corporate discourse to assert “job creation” as a hegemonic theme under rather different pretenses. For globalized and financialized capital, in fact, “job creation” does not even mean, as Paolo Virno (2004) aptly put it, the actual purchase of labor power, let alone its recruitment under “decent” conditions. Job creation is rather shorthand for a discourse of self-responsibility and employability where occupational opportunities rely on individual initiative and the dismantling of fiscal and redistributive burdens on private enterprise.

#### K of leftist affs that talk about labor precarity

In a quite ironic leap away from early proletarian deprecations of “wage slavery” and the “tyranny of work over life” (Joyce 1980: 125), the hegemonic discourse of productivism that has accompanied the ascendant lefts of the twentieth century – welfarist social democracy in Europe, liberalism in North America, nationalism in the postcolonial world – has made waged employment the fulcrum in a grammar of dignity, rights, and emancipation. The idealization of stable and decent jobs has thus encapsulated both the left’s capacity to make claims independent of neoliberal rationality and its last bastion of relevance against the ravages of market forces. Such a symbolic investment on work has underwritten the left’s critique of neoliberalism as determining a chasm between precarity and dignity, which makes it impossible for labor to provide existential meaning and social stability (Strangleman 2007). By casting precarious employment as a condition that obliterates the wholeness of personality and political agency, however, the left has achieved the result of silencing precarious workers’ strategies, autonomy and signifying practices as effectively as the economic liberalization it deprecates (Barchiesi 2011: 202).

Not only does the representation of precarity as a social problem fail to politically contest the productive and cognitive potentials of precarious workers, thus consigning them to neoliberal narratives of individual entrepreneurship. It also simplifies and reifies precarity into a mere occupational category and labor market position, which misses the broader political implications of precarious jobs as they pry open the line of fracture, well captured by Claus Offe (1997), between the declining significance of work as a foundation of decent life and its normatively enforced centrality in a social order averse to social equality and redistributive provisions.

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As jobs and social provisions stand thus in direct opposition to each other, with the former ascending to the role of master signifier of social existence, the policy emphasis on job creation has come to operate, in the micropolitics of everyday lives, as a pedagogical technology, a mode of biopolitical governmentality in the Foucauldian sense. Its effect is that of directing the conduct of populations towards imagining themselves as workers in waiting, factors of production and human resources constantly optimizing and fine-tuning their potential for labor market competition, the reliance on which becomes the only virtuous modality of social inclusion. A left discourse that shares the right’s emphasis on economic activity and its pathologization of the “dangers” of not working or working intermittently has thus put little in the way of waves of pro-business interventions – including reduction of corporate taxes, the systematic degradation of employment conditions, cutbacks in social services and safety nets – implemented in the name of job creation. More troublingly, the left has been consequently incapable of opposing the ideological drifts that gave demands for jobs the sound of working-class nationalist closure, cultural resentment, xenophobia, and anti-immigration hysteria.4

#### The valorization of wage labor shuts off resistance to capitalism by emphasizing self-reliance and legitimizing the myth of capitalist utopia, counteracting liberation

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The policy centrality of job creation operates as a device that disciplines popular values and conducts while fusing the imperatives of accumulation and governance. It makes the precarious multitudes generated by the systemic violence of globalized corporate capital governable by recoding desire around production and displacing it from a critique of that very violence. Should such a critique express itself, it might conversely lead to claims for a decent life, sustained by adequate forms of redistribution and decommodification, regardless to one’s employment status. The idealization of employment as the cornerstone of inclusive citizenship is premised on a combination of moral and socio-scientific reasoning – the praise of self-reliance and responsibility blended with purportedly self-evident considerations of social and fiscal sustainability – that for Margaret Somers and Fred Block (2005) defines its “epistemic privilege” as impervious to empirical counterevidence. It is on these premises that, despite the unrewarding, insecure, and fretful reality accompanying for the precariat the job-seeking imperative, “decent work” has acquired center stage in the imagination of the International Labour Organization (ILO) and many self- defined progressive governments as a sensible, practical policy option. Yet, as Peter Waterman (2005) argues, the “decent work” agenda is a purely normative and prescriptive assertion, bankrolled by trade unions and left-liberal technocrats in the desperate quest for policy relevance after having been overwhelmed by the ruthlessness of economic liberalization. It consists of the protestation that a return to a mythical, universalized protected labor force with benefits and rights can indeed square the circle of enhancing human dignity, enabling growth, building communities, and equipping workers with tools to compete in unforgivingly flexible labor markets. One can indeed doubt, Waterman continues, the historical plausibility of this working-class mythology as its ostensible protagonists were often instead, in practical terms, male and white producers of imperial societies that imposed unfree labor to colonized peoples and unpaid women in the household. Instead of taking stock of this problematic genealogy, Waterman concludes, the “decent work” idea projects into the future its assumptive logic according to which it is in the nature of capitalist globalization to obviously evolve, in conditions of liberal democracy, in a gender-sensitive, worker-friendly, environmentally sustainable direction. At the same time, precisely because it draws its legitimacy from the purely imaginative premise of a capitalism with a human face and a moral conscience, “decent work” disallows an understanding of the power relations underpinning actually existing liberalization and the reasons why it makes work indecent for so many.It thereforeforeclosesother discursivevirtualities– such astheidea that a decent life can be autonomous from labor and work ethics altogether – as it dispatches the liberation “from” and not only “of” work to the ranks of utopian reasoning. “Decent work” is thus a typical example of a “feeling, analysis, or relationship that has been rendered thinglike and frozen”, the “mournful attachment” to which constitutes for Wendy Brown the stuff of progressive melancholia. In more practical terms, the glorification of work in the decline of neoliberalism maintains a sturdy allegiance to old narratives of modernity as the unlimited development of the forces of production, whereas a crisis of employment is essentially defined by joblessness and measured through the unemployment rate. It is, conversely, hard for this modality of thought to locate employment crises in the predicament of the working poor and the unyielding policy- determined compulsion to rely on poverty wages as the primary means of survival. It is even harder for the left, as long as it confines itself in such policy and discursive strictures, to differentiate its demands for work from a mainstream rationality and commonsense exalting low wages as a path from poverty to personal responsibility and empowerment. It is precisely in such a conundrum that ideas of “decent work” show their practical and political limitations as they are constantly expected to recede in front of what conservative opinion calls the more realistic alternative between any job, at any condition, or no job at all.

#### South Africa stuff

South Africa is an interesting arena for these debates, as the sheer vastness of social inequalities, the current fragility of the ruling party, a reality of deep social confrontations, and significant vestiges of working-class assertiveness stand in the way of a coherent governmental biopolitical project. The country has a remarkable policy “discursive heritage” centered on the virtues of employment, which even during the harshest conflicts between the apartheid regime and the liberation movements provided a shared horizon for divergent views of modernity, progress, and nation-building (Barchiesi 2011: 135). It is also a country where two-thirds of workers, overwhelmingly black, live in poverty and only between one quarter and one third of the economically active population has access to regular jobs.

The New Growth Path (NGP) announced in 2010 by the Zuma administration claimed, reassuring its powerful labor allies in COSATU, to be a revision of the

f r e e - m a r k e t u t t e r a n c e s o f i t s p r e d e c e s s o r , t h e 19 9 6 G r o w t h , E m p l o y m e n t a n d Redistribution (GEAR) strategy. In presenting the NGP to the ANC, president Zuma, in particular, acknowledged that the jobs created in the wake of rapid economic growth during most of the 2000s did not have a satisfactory poverty- reducing impact. Yet, despite the centrality of “decent work” in the NGP, COSATU (2011) blasted the strategy as an updated version of neoliberalism and a betrayal of the workers’ mandate that underpinned the rise of Zuma’s leadership in 2007. The labor federation is particularly critical of the absence, in the strategy, of concrete redistributive social policies apart from the priority on the employment-orientated areas of education and skills.

It is, on the other hand, to be noted that such a comprehensive subordination of social policymaking to the requirements of labor market participation has deep roots. I t goes back at least to the social policy debates of the early 2000s, when for the first time in the history of the country the idea was advanced of a universal basic income grant independent of individual occupational status. The proposal was eventually killed by the ANC’s and the government’s resolute opposition to any generalized noncontributory provision that could be remotely perceived as a “disincentive” to seeking jobs. Despite its firm support for the basic income grant idea, however, COSATU too regarded it as a measure to facilitate economic participation rather than a form of income replacement for working-age unemployed, precarious workers, and the working poor (Barchiesi 2011: 117-120).

Organized labor’s lack of imagination as to how redistribution can play a role in opposing the compulsion to poverty jobs, rather than just being an inducement towards them, greatly contributed to evacuate the proposal for a basic income – t h e a m o u n t o f w h i c h w a s s e t a t a p a l t r y R 10 0 ( U S $ 18 ) p e r m o n t h – o f a l l transformative potential before its eventual demise. As a result, even if the 2002 governmental Taylor Committee in charge of restructuring the country’s social security system endorsed such a minimalist framing of the grant, the most important outcome of that debate was a paradigm that reasserted once and for all the centrality of employment and self-entrepreneurialism as the only salvation for the poor and the inviolable boundaries of the policy discourse (Ferguson 2007).

The demand for “jobs” has, on the other hand, also characterized the imagination of redress of social movements – like the Anti-Privatization Forum and Abahlali baseMjondolo – that in the 2000s opposed the ANC from staunchly “anti-neoliberal” positions, before slowly declining once confronted with the ANC’s renewed familiarity with left-sounding populist posturing in the age of Zuma and the impetuous leader of the ANC Youth League, Julius Malema. In 2006 a social movement think-tank, the Alternative Information Development Centre (AIDC) even launched a campaign for the recognition of the “right to work” as a state-sanctioned human right, thus giving new life – by bathing it in the stream of liberal-democratic constitutionalism – to a phrase elsewhere associated with the union-bashing right wing. The centrality of economic participation to ideas of freedom is not here, nonetheless, a mere byproduct of a contingent conversion of South Africa’s democratic experiment to the seductions of neoliberalism. It is rather the manifestation of deep historical trends that on one hand reflect the country’s colonial incorporation in global capitalism and on the other speak to the contradictory and contested position of work in Africa’s postcolonial modernity. It is to this latter aspect that I will thus turn my attention, which will then allow me, in my concluding observations, to bring into sharper focus my initial question on the relationships between jobs and emancipatory imagination.

#### Perm do both – affirmative demands for a living wage are a form of resistance to capital valorization that deconstructs the notion of jobs as the centrality of production

Barchiesi 12 [Franco Barchiesi. “Liberation of, through, or from w ork? Postcolonial Africa and the problem w ith “job creation” in the global crisis.” Interface, Volume4 (2): 230 – 253 (November 2012)] AJ

Moving, instead, from a normative terrain to one of critical analysis would require one to recognize that at stake is not only (or not necessarily) whether “decent” work is preferable to “indecent” jobs, or whether a reduction in the rate of unemployment can constrain capital’s options, or whether having a job can make the difference between extreme, paralyzing, despairing and tolerable, resilient, and self-activating poverty. In fact, contrary to normative rationality, critical analysis has to recognize the complexities of emancipative, progressive discourse as characterized by the indissoluble knot of liberation and subjection and the simultaneous enabling and foreclosing of possibilities. Then demands for “job creation” can be tackled from a different angle: as they strive to negotiate capitalist relations of production they miss how capital valorizes itself not only by directly employing people but by turning into property, profit, and rent the social cooperation of living labors that capital does not “create” but nonetheless continuously appropriate. Defining this as a “job creation” issue would mean that social cooperation is relevant and politically visible only once it has been incorporated in the creation of capital-reproducing value. The result would be to subordinate imaginations and practices of liberation to the capitalist dream of freezing the social into the production of commodities while rendering all exceeding autonomy of living labor invisible and speechless. As a condition of political possibility that problematizes work-centered normativity and productivist views of emancipation, precarity discloses instead radically alternative terrains of imagination and claims. It allows us, for example, to think decommodification and redistribution, including forms of non-work related universal income, neither as incentives to work, as neoliberalism and part of the left celebrate, nor as “handouts”, as they deprecate. They would rather constitute a reappropriation at a society-wide level of livelihoods that otherwise capital appropriates at no cost. At stake would thus be a shift from “welfare” to “commonfare” as a horizon of contestation to reopen across the social fabric the battle deferred (when not lost) at the point of production (Fumagalli 2007). As Mario Tronti (1980) once argued, the old factory working class effectively challenged capital when it struggled to abolish itself as a producer and deliverer of capital, not when it allowed to be idealized under the keywords of work ethic, occupational pride, citizenship, and productivity. Demands for a “living wage” were about refusing the compatibilities of capital as a regulatory principle of life. Those who fought for the eight-hour working day did so as a response to what was then called “wage slavery”, not for the sake of orderly industrial relations and collective bargaining. As the subjugation of living labor worldwide is reverting to the extremes of that age, social struggles are thus coalescing around the question of what the “living wage” of precarious multitudes would look like today.

### X Sobeck 12

#### Just the perception of inequality causes political instability – minimum wage is a positive signal

Sobeck 12 [“At what level should countries set their minimum wages?” Patrick Belser (International Labour Office, Geneva) and Kristen Sobeck (International Labour Office, Geneva). International Journal of Labour Research 2012 Vol. 4 Issue 1] AJ

While these effects benefit some workers in particular, they may also benefit society at large. Indeed, low and stagnating wages at the bottom can undermine public perception that policies are fair or lead to a better future. This can lead to social conflict and political instability.5 It may be worth re- calling that the Preamble to the ILO Constitution considers that “universal and lasting peace can be established only if it is based upon social justice”. More recent research shows that perceptions about inequality are one of the key deter- minants of social unrest (IILS, 2010). The political changes which occurred in the context of the “Arab spring” of 2010–11 were at least in part driven by per- ceptions that economic growth had not been distributed equitably across the population. As pointed out by Rodrik, markets are social institutions, and their continued existence is predicated on the perception that their processes and outcomes are legitimate: “Social disintegration is not a spectator sport – those on the sidelines also get splashed with mud from the field” (Rodrick, 1997).

#### Permutation ev

Sobeck 12 [“At what level should countries set their minimum wages?” Patrick Belser (International Labour Office, Geneva) and Kristen Sobeck (International Labour Office, Geneva). International Journal of Labour Research 2012 Vol. 4 Issue 1] AJ

In light of the trade-offs and the fact that – by definition – only wage earners can benefit, minimum wages alone cannot suffice for the over- coming of poverty and the satisfaction of the minimum needs of all workers (ILO, 1992, p. 11). Indeed, a minimum wage should not be confused with a “minimum income policy”, which provides for minimum living condi- tions regardless of whether a person is a wage earner. Overall, the levels of incomes of workers’ households also critically depend on the existence of tar- geted income transfers and social security schemes as well as on their levels of taxation. So-called “in-work benefits” in the form of tax relief for low-paid workers can make a major contribution to the welfare of the poor without compromising the volume of employment. In fact, minimum wages and in-work benefits are best seen as comple- mentary policies, for in the absence of the former, employers may feel that they can reduce some labour costs by shifting them to tax credits. When in- work benefits remain a difficult policy option, broader income-transfer measures, which are not related to the employment status, can be used. Examples include Bolsa família in Brazil or the Child Support Grant in South Africa. The point here is that the minimum wage is only one of a set of different pol- icies that can help increase the standard of living of low-paid workers and thereby reduce the rate of poverty and the level of inequality (ILO, 1992). Also, it must be kept in mind that while wages are paid to individuals, the poverty status is measured at the level of the household, whose total income depends not only on wages of household members but also on income from other sources, such as property income or social transfers.

#### Higher wages and spending offset lower firm profits

Sobeck 12 [“At what level should countries set their minimum wages?” Patrick Belser (International Labour Office, Geneva) and Kristen Sobeck (International Labour Office, Geneva). International Journal of Labour Research 2012 Vol. 4 Issue 1] AJ

One reason for the apparent absence of adverse employment effects pre- dicted by orthodox economists is perhaps that the overall level of employment in any economy ultimately depends on the level of aggregate demand for its goods and services as well as on the overall labour supply. And whereas higher wages may lead to lower investments by firms, this negative effect on aggre- gate demand can be more than compensated by the increased ability of low- paid workers to spend their incomes on consumption. In any event, the effects of minimum wages (both positive and negative) on macroeconomic indica- tors tend to be diluted by the various ways and mechanisms through which firms and countries absorb relatively small shocks on aggregate labour costs.

#### A2 Inflation

Sobeck 12 [“At what level should countries set their minimum wages?” Patrick Belser (International Labour Office, Geneva) and Kristen Sobeck (International Labour Office, Geneva). International Journal of Labour Research 2012 Vol. 4 Issue 1] AJ

What is the inflationary pressure from a 2.0 per cent increase in wages? The answer depends on the evolution of labour productivity as well as on the share of labour in total production costs in the sectors or occupations where minimum wage workers are most concentrated. The latter can be obtained from the so-called input-output tables or, if not available, from data from establishment surveys. Just to illustrate: if labour costs in restaurants repre- sent half of total production costs, it will follow that – even in the unrealistic case that minimum wages are perfectly enforced – a 2.0 per cent increase in labour costs will increase total production costs by no more than 1.0 per cent. If, at the same time, labour productivity also goes up by 1.0 per cent, there is no reason to expect higher prices. But even under the assumption of un- changed labour productivity, the pressure on price increases does not exceed 1.0 per cent. This may provide a useful indication to those who fear that minimum wages might trigger hyperinflation.

### X Precarity – Lee 12

Lee 12 [Lee, Ching Kwan (UCLA, 264 Haines, Department of Sociology), and Yelizavetta Kofman (UCLA). "The politics of precarity views beyond the United States." Work and Occupations 39.4 (2012): 388-408] AJ

#### Only a basic income moves beyond the logic of wages by including everyone – aff fails since it’s grounded in previous models of productivity

Lee 12 [Lee, Ching Kwan (UCLA, 264 Haines, Department of Sociology), and Yelizavetta Kofman (UCLA). "The politics of precarity views beyond the United States." Work and Occupations 39.4 (2012): 388-408] AJ

In her detailed examination of supranational attempts to address the prob- lems stemming from flexible employment relationships, including part-time work, temporary work, and self-employment, Vosko (2010) concludes that all of the approaches ultimately take the standard employment relationship as the baseline, extending labor protections only to forms of employment falling just beyond the range of standard employment. For example, part-time employees working in firms with comparable full-time employees are to be granted wages and protection in proportion to full-time employees, according to the 1994 ILO Convention on Part-Time Work. However, casual workers and those engaged in part-time work on a temporary basis—often women and nonciti- zens in carework sectors, and even in countries with “inclusive” labor rela- tionships systems like France—are excluded. Such exclusion is the predicament of the constituencies aligned with the European antiprecarity movement. Instead of a return to standard employment—which, for many reasons, is unlikely in most countries—Vosko (2010) favors the “beyond employment” approach, which was originally advocated by a group of experts convened by the European Commission. Beyond employment pursues a vision of labor and social protection inclusive of all people, regardless of their labor force status, from birth to death, in periods of training, employment, self-employment, and work outside the labor force, including voluntary work and unpaid caregiving. It seeks to spread social risks, to be attentive to transitions in the lifecycle, such as movements from paid employment to retirement and from school to work, and to value civic engagement. (Vosko, 2010, p. 219) The idea is that all individuals would be considered members of the labor force, even at times in the life cycle when they do not have a job; these rights would be paid for through the state directly, from social security, joint insur- ance (for example, training leave funded by unions and employer’s associa- tions), firms (e.g., for parental leave), or from workers themselves, who may contribute to time-accounts through various means (Supiot, 2001). This approach still holds employment central but provides the possibility of bringing casual and informal workers from the margins of the labor market. It also holds the wider social experience of individuals as the key to coun- termovement reforms. In Europe, policy proposals based on the “beyond employment” model, such as basic income proposals, are widely debated. In as much as U.S. unions and movements, including OWS, have not articulated a vision that addresses both the economic and social needs of those dislocated from the market, we see the true peculiarity of the U.S. condition.

### X Game Theory

#### No a priori knowledge when deciding political and social questions

Kaneko 10 [Mamoru Kaneko (1Institute of Policy and Planning Sciences, University of Tsukuba, Ibaraki) and J. Jude Kline (School of Economics,University of Queensland, Brisbane). Chapter 5: Inductive Game Theory: A Basic Scenario. “Game Theory.” Edited by Qiming Huang] Copyright © 2010 Sciyo] AJ

In game theory and economics it is customary to assume, often implicitly and sometimes explicitly, that each player has well formed beliefs/knowledge of the game he plays. Various frameworks have been prepared for explicit analyses of this subject. However, the more basic question of where a personal understanding of the game comes from is left unexplored. In some situations such as parlour games, it might not be important to ask the source of a player’s understanding. The rules of parlour games are often described clearly in a rule book. However, in social and economic situations, which are main target areas for game theory, the rules of the game are not clearly specified anywhere. In those cases, players need some other sources for their beliefs/knowledge. One ultimate source for a player’s understanding is his individual experiences of playing the game. The purpose of this paper is to develop and to present a theory about the origin and emergence of individual beliefs/knowledge from the individual experiences of players with bounded cognitive abilities. People often behave naturally and effectively without much conscious effort to understand the world in which they live. For example, we may work, socialize, exercise, eat, sleep, without consciously thinking about the structure of our social situation. Nevertheless, experiences of these activities may influence our understanding and thoughts about society. We regard these experiences as important sources for the formation of an individual understanding of society. Treating particular experiences as the ultimate source of general beliefs/knowledge is an inductive process. Induction is differentiated from deduction in the way that induction is a process of deriving a general statement from a finite number of observations, while deduction is a process of deriving conclusions with the same or less logical content with well-formed inference rules from given premises. Formation of beliefs/knowledge about social games from individual experiences is typically an inductive process. Thus, we will call our theory inductive game theory, as was done in Kaneko-Matsui [18]. In fact, economic theory has had a long tradition of using arguments about learning by experiences to explain how players come to know the structure of their economy. Even in introductory microeconomics textbooks, the scientific method of analysis is discussed: collecting data, formulating hypotheses, predicting, behaving, checking, and updating. Strictly speaking, these steps are applied to economics as a science, but also sometimes, less scientifically, to ordinary peoples’ activities. Our theory formalizes some part of an inductive process of an individual decision maker. In particular, we describe how a player might use his experiences to form a hypothesis about the rules and structure of the game. In the starting point of our theory, a player has little a priori beliefs/knowledge about the structure of the particular game. Almost all beliefs/knowledge about the structure of the particular game are derived from his experiences and memories.

### Democracy - Waldman 03

Waldman 03 [Oren Levin-Waldman (Metropolitan College of New York). “The Minimum Wage and the Cause of Democracy.” Review of Social Economy, Vol. 61, No. 4 (DECEMBER 2003), pp. 487-510] AJ

Aa

Lol this author misspelled “peers,” probably not the best source

#### Democracy definition

Democracy is by no means a static concept, rather it has evolved through several different permutations. In its simplest terms, democracy is a political system in which the policy-making process is ultimately controlled by the people, because the government that makes policy is selected by the people. Policies are made on a majority basis by representatives who are subject to popular control through periodic elections, and these elections are also to be conducted according to the principle of political equality and under conditions of political freedom (Mayo 1960). Dahl (1985) suggests that the basic criteria for a democratic process include: equal votes; effective participation; enlightened understanding; public control over the agenda and inclusiveness (p. 59). Or as Seymour Martin Lipset (1959) suggests, a democracy can be defined as a political system that affords its citizens regular constitutional opportunities for changing governing officials. But it is also a social mechanism for the resolution of conflicts among conflicting interest groups that also permits the largest possible part of the population to influence public decisions through their ability to make electoral choices.

Democratic theory assumes a society of free, equal, and autonomous individuals. These individuals enjoy the same rights of citizenship as others and must enjoy their autonomy so that they can participate as full fledged citizens in the democratic process. The greater their autonomy, the more likely they are to participate in the democratic process. Core to democratic theory is a conception of equality, but there is question over just what it means to be equal.

#### Procedural equality aka equality of opportunity

Equality in the U.S. is generally conceived of in procedural terms, which are also the defining characteristics of American democracy. Individuals born with equal rights are all equal before the law. Each individual enjoys the same right to cast an equal vote for those in government who will represent them. Each individual has a right to speak freely and openly against the actions of the government. And in a democratic society, each individual has an equal right to pursue his or her interests. Equality, then, is not conceived of in terms of how resources, wealth and income are distributed—that everybody have the same amount—but in terms of standing—that each and every individual enjoys the same standing. No individual, in other words, enjoys greater access or privilege, or treatment on the part of the state than do others.

Ronald Dworkin (1985) refers to this as "the liberal conception of equality," which holds that every individual is entitled to "equal respect and treatment." By this conception, the state may not choose between competing conceptions of the "good"—that is, it may not favor one's preferences over another, for to do so is to effectively not afford one equal respect and treatment. Government, if it truly respects equality must maintain a stance of neutrality, at least when it comes to comprehensive conceptions of what constitutes the good life, i.e., how individuals should live their lives in accordance with their own preferences (Rawls 1993). And yet, to the extent

that government's role is to mediate conflict, it does effectively have to make

choices between competing conceptions of good or preferences, which may manifest themselves in the form of policy choices. One means by which government gets around stalemate inherent to the liberal conception of equality's neutrality is through democratic procedure. A framework that allows each and every individual the equal opportunity to present his/her claims, i.e., preferences for consideration is one that effectively affords each and all equal treatment (Ackerman 1980). But in the end, this is merely procedural democracy because each individual is in theory, at least, treated the same. But that the focus is on fair procedure, the focus of equality is on equality of opportunity.

Procedural equality is critical to democratic society because it serves to secure another essential condition: personal freedom, which is also a necessary condition for individuals to function autonomously. The notion that the state cannot choose conceptions of the good life stems from the basic premise that as rational actors individuals have the capacity to conceive of their own conceptions of the good life and hence choose their own life plans for achieving them. A state that treats individuals with equal respect and does not attempt to force a conception of the good life on them is one that essentially allows them to pursue their own visions of what it means to live a good life. That the state stands back and refrains from imposing its own good, means that the individual is free to pursue his or her own in consonance with his/her own agency. Therefore, in order for there to be freedom, certain political conditions must be met, and equality, particularly equality of opportunity or procedural equality, is one of them. Individuals are free to pursue their goals and objectives—i.e. self-interests—so long as their pursuit does not interfere with others' ability to pursue their own goals and objectives. In a very basic sense, and certainly within the context of classical political thought, this is what it means to talk about personal independence or autonomy.

Still, the freedom to conceive of one's own conception of the good and to subsequently act upon it is also important to democracy for yet another reason. A democracy, especially as its legitimacy and power are derived from popular consent, assumes that individuals have the capacity to reason for themselves, i.e., to deliberate in the public square, and to act on that capacity in a responsible manner. They cannot effectively participate, whether it be in full policy discussions or selecting their own representatives, if they cannot deliberate in a rational manner. This means that human agency has to be protected. That is, they must be afforded the space to do so, which is precisely what personal freedom allows them to do.

#### Economic inequality is a threat to democracy

At the same time, the American focus on procedural equality has not been completely blind to some minimal level of economic equality. Among the observations made by the most well-known nineteenth century observers of American democracy, Alexis de Tocqueville, was that a major ingredient in the maintenance of the social harmony that sustained American democracy was relative economic equality. For Tocqueville, this meant that individuals confronted one another as equals, whereby each was independent and each was of similar importance (Zetterbaum 1987). But as Terry Karl (2000) suggests, equality of condition meant more than mere political equality. Equality of condition also involved social equality and largely assumed a roughly equal distribution of wealth and income. For Tocqueville, social equality was to be considered a basic building block for political democracy. What he observed in the U.S. was for the most part an agrarian society in which individuals were relatively equal in terms of distribution. It was an advantage that the U.S. began its experiment in democracy with an exceptionally egalitarian social and economic structure based on small landowners. As a result, material equality in America produced an egalitarian sentiment, which also in turn formed the basis for the principle of equal citizenship. And in the absence of an aristocracy and other social privilege characteristic of the "old order" in Europe, individuals were equals in terms of social position and status.

On the contrary, any change towards an overly skewed social and economic inequality would, as far as he was concerned, endanger democratic politics. Where inequality is greatest, people are more willing to accept authoritarian rule and less likely to be satisfied with the way democracy works. Consequently, increasing inequality in income and wealth is only bound to spell political trouble, with huge repercussions for democratic regimes (Karl 2000). Were this vision of social equality based on simple agrarianism applied to contemporary industrial society, would it not in essence be a call for the maintenance of a broad middle class? At the same time, Tocqueville was not arguing that individuals necessarily had to possess equal amounts of the same thing. As Elizabeth Anderson (1999) suggests, equality is about individuals' relations to others. The aim, then, is not to ensure that people necessarily get what they morally deserve, but to ensure that they are in relations of equality to one another. The point of equality is to in essence ensure that individuals cannot be exploited and oppressed by others. In theory, then, equality prevents one with greater resources from receiving better treatment than the one with less. Both are equal in terms of their respective moral worth. And ultimately this allows for greater personal freedom and autonomy.

Nevertheless, to the extent that democracy requires the maintenance of a broad middle class, the maintenance of democracy requires economic Arthur MacEwan (1999) suggests that while economic development does involve growth, it also involves an improvement in the basic living standards of the great majority of people. One means by which these improvements can be achieved is through a relatively equal distribution of income, or policies that effectively achieve that objective. Another means by which these standards can be improved is through the broad participation in decision- making about the political, social, and economic affairs of the community. This, of course, would imply policies that effectively result in workers, particularly those who have never had, obtaining a measure of voice (p. 1).

For many contemporary democratic theorists, however, there cannot be real political equality unless there is a measure of economic equality. Unequal distribution of wealth and income may adversely affect individuals' ability to participate in the democratic process on the same footing as equals. Unequal distribution in wealth and income may result in procedural inequality to the extent that those lacking in wealth and income may not enjoy the same access to political and policy officials as those who possess wealth and income may enjoy. With greater concentration of wealth at the top, those at the top are in a better position to use their wealth toward the attainment of their political and other ideological objectives (Bachrach and Botwinick 1992: 4-5). Unequal distribution in wealth and income, then, results in unequal access. To the extent that this is true, the democratic state cannot possibly be treating its citizens as though they were on an equal footing. Consequently, inequality affects our ability to be free, as unequal distribution will effectively result in some being able to make choices that others cannot. Those with more resources may be better positioned to pursue their goals and objectives, while those with fewer resources may find that their ability to pursue their goals and objectives is limited as a result. It is for this reason that economic development is so crucial to a democracy: because it results in a broader middle class within

which economic resources are more broadly distributed.

#### Perfect democracy is when all circumstances affecting peoples’ lives are decided through collective decision-making, including operations of a company, shop, etc

The solution for many contemporary democratic theorists is to have what is often referred to as "perfect" democracy or what Kenneth Dolbeare (1986) has referred to as full democracy, which assumes individuals to have full control over all those circumstances affecting their daily lives. The U.S. is not a full democracy because the interests of property, often expressed in terms of individual rights, effectively limit democratic rule. Democratic rule typically does not extend into economic institutions because they are considered to be private property and thus outside the bounds of majority rule in a capitalist system (Bowles and Gintis 1987). In a more complete democracy, by contrast, the equal voice that citizens enjoy in the political realm would be enjoyed in the economic, whereby workers would be able to participate in the operations of the firms for which they work (Dahl 1985). But aside from the equal voice that citizens enjoy, they might also be more equal in terms of the distribution of income. They would be equal because they could use the political mechanism to legislate a more equitable distribution of income.

To achieve this type of full democracy would obviously require some radical steps. Many have attempted to get around this problem of property imposed limits to democracy by proposing workplace democracy. The idea behind workplace democracy is that individuals have a voice in the operations of the firms they work for because the decisions their employers make will ultimately affect their ability to live autonomous lives. The thought here is that democratization of the workplace will ultimately lead to participatory democracy. The workplace is not necessarily the focal point, rather it emerges as a point of leverage from which to achieve a more egalitarian redistribution of power, thereby leading to a greater democratization of the entire political process (Bachrach and Botwinick 1992: 2, 12). According to Karen Wendling (1997), participatory democracy is probably the most completely egalitarian form of democracy, as it seeks to extend beyond simple universal suffrage and the right to influence political leaders to the collective self-management of society as though there were no leaders. People, in other words, control all the circumstances that affect their daily lives and their destinies, which include the economic sphere as well. Participatory democracy addresses itself to institutional structures that will ultimately have bearing on questions of political equality.

#### LW k2 democracy

At the same time, to the extent that democracy is about further accommodating diversity and the unequal interference of "special interests", there is then a role for public policy to play in the process generally. The minimum wage can serve as but one tool for finding accommodation. Economically speaking, we are not all going to be viewed the same. Those of us with fewer resources may not have the same level of autonomy and independence as those with more resources. Raising the wages of the working poor is not even going to make them feel less exploited. In relative terms, they are still doing menial work for barely subsistence wages. Still, the democratic process serves as a mechanism by which balance can be struck between competing and often unequal claims. And policy is the tool used to secure that balance. But in securing that balance, public policy may serve to bring to fruition core principles underpinning democratic society.

In the past, a minimum wage was viewed as an essential ingredient for workers to be able to see themselves as full fledged citizens—again, another key ingredient in being able to participate in the democratic process. During the late nineteenth century, a minimum wage as it was conceived of in terms of a living wage was intimately connected to personal autonomy and ultimately formed the basis of giving legitimacy to labor. Lawrence Glickman (1997) has argued that as far as most workers were concerned, when they sold their labor in the market place, they lost their sense of independence. Men who earned wages lost ownership of themselves to somebody else with great power over them. As a result of industrialization, men effectively became dependent on their bosses in the same way women had always been dependent on men in patriarchal families. Men who worked for wages saw themselves as no different from prostitutes. To earn a "living wage", however, would enable them to rise above the shameful image of an enslaved prostitute, and through such wages they would be able to achieve full citizenship. And in fact, the language of citizenship was often used to galvanize not only workers, but the broader middle class to support the concept of a living wage. Citizenship, in other words, was analogous to free labor, which was the same as being a free individual. By wrapping the minimum wage in the language of citizenship, social reformers effectively sought to put wage laborers on the same footing as others—those that traditionally secured their rights of citizenship through the ownership of property and the economic independence they enjoyed as a result. In essence, then, the broad language of democracy and those elements important to it were being appealed to support the living wage in the past, and similarly the same appeal can be made with regards to the minimum wage in contemporary policy debates.

#### K2 equality

Equality. On the question of equality, the issue isn't overall equality, but how the concept of procedural equality may in any way be affected by the narrow phenomenon of income inequality. In this regard, the minimum wage can only further equality to the extent that it can be established that the minimum wage has an effect on reducing income inequality. At issue is whether labor market institutions can be said to have a role in achieving a more equitable distribution of income, thereby reducing income inequality. Perfect competitive market theory blames rising inequality on structural changes in the economy which have resulted in a mismatch between good paying jobs and the skills available to workers. Because the main culprit is presumed to be technological change biased towards those with higher levels of education and skills (Juhn et al. 1993), labor market institutions like the minimum wage are either irrelevant or counter-productive. They only innate wages beyond the worth of those workers in the secondary labor market. According to this school of thought, the labor market is divided into a primary market where high premiums are placed on skilled workers, and a secondary market where unskilled workers are trapped in the lowest-wage service sector of the economy. The growth in wage inequality between the primary and secondary labor markets has been caused by increasing skills

differentials between the two (cf. Katz and Murphy 1992, Krueger 1993). Individuals, after all, can pass from the secondary labor market into the primary one if they upgrade their skills through education and training. Therefore, individuals should take steps, through education and training, to acquire the skills necessary to command higher wages.

Institutionalists in recent years have suggested that income inequality has indeed increased in recent years because of a shift in public policy and a corresponding decline in labor market institutions, most notably the minimum wage (Piore 1995; Gordon 1996; DiNardo and Lemieux 1997; Galbraith 1998, Lemieux 1998, Palley 1998; Craypo and Cormier 2000). Michael Wallerstein (1999), for instance, suggests that the more centralized wage setting is—with minimum wage setting as the most nominal form of centralized wage setting—the more equal will be the wage distribution. The corollary being that when no such mechanism exists, chances are greater that the wage distribution will be unequal. Moreover, once such institutions begin to deteriorate, rising income inequality is by no means an unexpected outcome. Stephen Machin (1997) found that the weakening of labor market institutions, most notably minimum wage councils, in Britain played an important role in rising income inequality there. David Lee (1997) too has shown that decreases in the minimum wage tend to increase measured wage inequality, and that the minimum wage, or the failure of it to keep up with inflation, may account for as much as 80 percent of "within-group" wage inequality during the 1990s. Specifically, increased wage inequality in the bottom tail of the income distribution is attributable to the erosion in the real

value of the minimum wage during the 1980s, and that the falling relative level of the minimum wage can explain 70 to 100 percent of increased inequality in the lower tail. Fortin and Lemieux (1997) also found a decline in the minimum wage contributed to increased wage inequality specifically among women.

David Howell (1999) maintains that during the late 1970s the U.S. began experiencing a sharp ideological shift towards a preference for competitive market outcomes and solutions, and that this ideological shift did have direct effects on bargaining in the workplace. Increasingly, however, it has come to be recognized that the rise in income inequality is as much a function of changes in wage-setting institutions and social norms. Similarly, David Card and John DiNardo (2002) suggest on the basis of Current Population Survey (CPS) data that trends in the minimum wage and declining unionization do help to explain the rapid rise in overall wage inequality during the early 1980s. Moreover, Howell and Friedrich Huebler (2001) in data on worker literacy in OECD countries show that while changes in wage inequality can be in part accounted for by skills differentials, the more important factor appears to be

the strong association between labor market institutions and the change in wage inequality. Therefore, to the extent that the decline of these institutions may be a contributing factor in the rise of income inequality, the corollary might then also be true, that a strengthening of these institutions would result in less income inequality—or at least greater equality among the bottom tail of the distribution.

The minimum wage, then, needs to be understood as a legal measure that effectively achieves for a larger group of workers through public policy what unions have been narrowly negotiating with specific firms for. Indeed, the initial legislative purpose of the Fair Labor Standards Act (FLSA) was specifically to assist the unprotected and unorganized who lacked sufficient bargaining power to negotiate adequate subsistence wages for themselves (Miller 1999: 193). In that the bargaining process may entail making concessions, the minimum wage by creating a wage floor effectively limits the concessions workers have to make in the bargaining process, thereby offering them a slightly greater measure of bargaining power. The voice that the minimum wage effectively gives these workers is important because minimum wage workers generally are not organized.

While in theory the federal minimum wage was intended to empower workers by establishing a mechanism in law to achieve some measure of economic equity, it was also limited in its scope. The initial legislation exempted a broad range of low-wage workers from coverage, most notably agricultural workers who by and large were disproportionately concentrated in the South. Southerners, who also controlled the Congress, were opposed to the minimum wage on the grounds that it interfered with their way of life, particularly their tradition of paternalism (Alston and Ferrie 1999). South- erners viewed the minimum wage as an attempt by northern industrialized states to impose their will on the South. Limiting the coverage was a compromise that was agreed to in order to eventually secure passage (Levin- Waldman 2001a).

One could argue that this compromise effectively excludes workers, but the argument could also be made that it nonetheless began a process of democratizing the labor market in terms of the standing that workers would enjoy among one another. Still, by limiting the extent of coverage, limits were effectively imposed on the extent to which the labor market could be democratized. In the end, some workers enjoyed greater standing than others, meaning that not all workers are treated as equals. Invidious distinctions essentially exist between classes of workers, which means that according to Dworkin's criteria they are not being afforded equal respect and treatment. And yet, the foundations are nonetheless established for greater democratiza-

tion, as each policy measure, as limited as it may be, lays a building block for subsequent policy measures.

Still, increases in the minimum wage are not going to have a radical effect on the income distribution that those at the bottom are the equals of those at the top. It will not radically affect social standing. It isn't going to increase their bargaining power by that much And it certainly would not begin a process towards workplace democracy. But to reduce income inequality somewhat will still have a small impact, especially on personal autonomy. That the gap between the top and bottom decreases also implies that the distance between them is narrowed. The distance traveled from the bottom to the top may not appear to be as daunting, which may offer some a sense of hope that they too have the potential to make it. In this vein, it raises their morale, with the effect being that they feel less exploited. Will they necessarily be social equals? No. But that they are less unequal means that a potential barrier to access may be diminished. Also by raising the wages of those at the bottom, the minimum wage effectively accomplishes for this sector of the labor market what labor unions accomplish for other sectors: it gives them a sense of voice, which it does by establishing a set of standards through the force of law that can also be enforced through the state (Tarling and Wilkinson 1997: 103). This, in and of itself, can be a source of empowerment, with the effect of enhancing their autonomy. Not only, then, does this become a necessary precondition for a well functioning democracy, but for an efficient economy as well, neither of which are mutually exclusive.

#### Aims at autonomy

Autonomy depends on access to and control over economic resources. The minimum wage, then, might then be viewed as a measure aimed at preserving the framework that allows individuals to function as autonomous citizens. Does a higher wage not have the effect of giving workers greater voice, which in and of itself becomes a basis for empowerment? It does not give greater voice in that it increases the bargaining power among low-skilled workers in the way that unions do. But it does give them greater voice in that higher wages improve their morale and thereby enable them to have greater dignity in their work.

#### K2 autonomy

On a more basic level, however, by providing individuals with greater income, it affords them greater opportunity to pursue their own respective self-interests. In short, it enhances autonomy. To a certain extent, a minimum wage—and at least one that keeps pace with inflation and allows individuals to live with some measure of dignity—effectively provides individuals with perhaps what Amy Guttmann and Dennis Thompson (1996) refer to as a fair opportunity. Were this truly a deliberative democracy, they argue, a basic opportunity principle would secure citizens an adequate level of basic opportunity goods. Included in such opportunity goods is that of an adequate income level, which they define as that which enables one to live a decent life according to society's current standards. And yet, this is not the same as equality of opportunity, rather they suggest that the operative principle ought to be fair opportunity. Fair opportunity holds that government should ensure that each citizen has a fair chance of securing opportunity goods such as advanced education and skilled employment, i.e., those tools that will enable individuals to secure the types of positions that enable them to live comfortable middle class lives, which clearly has implications for society's income distribution. But by talking about opportunity to join the middle class, they in essence acknowledge the importance of the middle class to the maintenance of democracy. When they talk about a basic opportunity principle, they are specifically talking about it within the context of welfare provision. Should the minimum wage be viewed in the same vein as welfare?

For some, the minimum wage may constitute a form of welfare because by mandating that employers pay their workers what they may not be worth, the minimum wage effectively redistributes income from those who have (employers) to those who do not (their workers) in a manner similar to the welfare system redistributing from the larger public (taxpayers) to the poor (those who do not work). An extreme reading of this position views it as akin to stealing (Nozick 1974, Epstein 1988). It may also be viewed as a form of welfare because, like welfare, it assumes that the income one receives ought to be based on need rather than prior experience, skills and ability. Indeed, during the early part of the twentieth century when state minimum wage laws only applied to women, they were calculated on the basis of what it was thought that women needed in order to maintain themselves (Persons 1919). At the same time, however, the minimum wage may differ from welfare because those workers who receive it do work. They are performing services. Even though it may not be welfare provision in the narrowest sense, it is part and parcel of the broader welfare state.

#### Must ensure that conditions for political participation are met

Timothy Gaffaney (2000) maintains that a democratic polity operates on the premise that individuals will be politically autonomous—that they indeed will be citizens. A goal of democracy does not necessarily have to entail economic equality. But a democratic polity doesn't merely respect and ensure non-interference and non-coercion. It must also ensure that conditions for participation in that democracy are available to all individuals, for by doing so it guarantees a universal application of citizenship. In fact, the state must guarantee conditions for full citizenship. For Gaffaney, this ideally would mean that government provide the poor with the practical training and skills necessary for conducting democratic government. It might mean providing them the basis upon which they can achieve economic independence. But when other sources are wanting, public assistance must be provided because it can enable participation in democratic decision making and in the constitution of democratic dialogue. Welfare benefits, then, become a central component for citizenship. Consequently, the provision of welfare benefits by the state becomes a basic aspect of political legitimacy.

#### K2 econ development

To the extent that sustained democracy requires economic development, the minimum wage serves that purpose in that it too can be a tool for economic development. The idea that a minimum wage serves the development function flows in part from the second prediction made many years ago by George Stigler (1946), which has not received much attention in the literature. That is, a minimum wage if it is effective will do one of two things: it will either result in the layoff of those workers whose value is less than the minimum, or it will result in an increase in productivity among low-efficiency workers. Greater productivity will in part arise from the tendency of employers to replace heavily labor intensive manufacturing and production processes with more capital intensive ones. To a large extent, this second Stigler observation echoes the Webb effect. Sidney Webb (1912) argued that although an increase in the minimum wage might well result in a wage exceeding the marginal product of the worker, the employer would now have incentive to find ways to increase productivity either by getting workers to produce more or by substituting technology for labor. Workers too would have incentive to invest in their own improvement and society in general would ultimately find that it too would have a stake in investing in greater education for the purposes of ensuring a better prepared workforce for the more technologically demanding labor market.

During the 1930s, New Deal planners who proposed the minimum wage viewed it as a tool that would both raise the wage structure in the South and bring about southern economic development. For national policymakers, the low wage structure in the South, especially in industry, was a classic example of why the minimum wage was needed, not just to end poverty, but to bring about the modernization of the South, thereby making it more productive and efficient. Bruce Schulman (1991) observes that the South's most vexing problem was how to organize its labor force after the end of slavery. Primarily an agrarian economy, the southern labor market had for centuries been supplied by slaves. Its limited industrial capacity was concentrated in low- wage, low productivity industries. Low-wage manufacturing, specifically textiles, hosiery and lumber formed the backbone of southern industry, and they relied heavily on unskilled labor, which often included women and children (p. 5). And yet, insofar as New Deal planners sought the economic development of the region, they by and large viewed the region no differently than we might view developing regions today, say developing democracies. Just as they required economic development for democracy to flourish, so too did the South. A minimum wage would force employers to modernize and effectively invest in human capital, which ultimately would increase productivity.

#### Summary of offense – also, MW spurs other democratic policies

In this paper, I have tried to argue that there is a role for the minimum wage in achieving greater democracy in at least three areas: economic equality, to the extent that it may lessen income inequality; empowerment, which enables individuals to more fully participate in the democratic process as more autonomous citizens; and economic development insofar as increases in the minimum wage may have an impact on a region's overall wage structure. None of this achieves the more encompassing participatory democracy that contemporary democratic theorists talk about, but it does perhaps have the effect of accomplishing greater democracy by establishing some of the necessary conditions for individuals to participate more effectively in the democratic process.

Democracy is never a finished product, but constantly requires steps to ensure its continued survival. Democracy is something that individuals have to work at. But they cannot be expected to do so unless they enjoy a minimal level of autonomy. Rather policy is needed to ensure that the circumstances exist for individuals to start as equals in relation to one another. Were the minimum wage to be viewed in these terms, it might conceivably be viewed as a larger issue that impacts on us all because it impacts on the character of our democratic polity. And it perhaps forces us to focus on just what some of the necessary conditions might be for the maintenance of democracy. To make a "democratic" argument for the minimum wage is to effectively broaden its

political appeal. When the minimum wage is typically couched as either a measure that results in disemployment for teenagers or that which may assist the poor, it unfortunately isn't an issue that the broader middle class is able to relate to. An issue that theoretically only affects a small and marginal group of people is not one that we can easily see in utilitarian, let alone democratic terms. But as democratic citizens, we should be able to relate to fundamental principles of democracy even if we cannot see ourselves to identify with the plight of those at the bottom of the income distribution.

Moreover, from a policy stance, a discussion of the minimum wage in these terms should at least enable us to consider what types of public policies are necessary to bring about greater democracy. By itself, the minimum wage is not a sufficient condition, but there are no doubt other policies that would compliment the minimum wage in this endeavor. Too often when we approach public policy, we do so from a very monolithic ideological viewpoint. Ideologically, one is either for increases because one is a left leaning liberal who favors big government, or one is opposed because one is a right leaning conservative who is strongly committed to free markets (Pool and Rosenthal 1991). To view the minimum wage in terms of its relationship to democratic principles is perhaps to offer policymakers a way out of that ideologically constraining dichotomy. Now the issue is whether it, or any other policy for that matter, furthers the ends of democratic society. Should our philosophic underpinnings not be a basis upon which we measure public policy (Levin-Waldman 1996)? If we are able to change the terms by which we conceive of policy, we are able to view the minimum wage in perhaps a wholly different light. No longer is it a question of whether the minimum wage is beneficial because it raises the wages of some or is harmful because it may result in the disemployment of others. Rather, it is whether it, along with

other measures, serves to bring about a more equitable and democratic society. Such measures might include trade and industrial policies that, while they too may fly in the face of pure competitive market theory, also serve to maintain a broadly equitable democratic community by preserving the middle-class jobs base.

### X ME War Updates

#### Recent Yemen collapse means AQAP is gaining power – curbing them is key

Robertson 2/3 [Nic Robertson. “Saudi dilemma: How to spot potential terrorist amid tide of human misery.” CNN 2/3/15] AJ

In the past few weeks, Houthi rebels have taken control of Yemen's capital, pushing the country ever closer to "failed state" status and giving the al Qaeda franchise there -- al Qaeda in the Arabian Peninsula, or AQAP -- a greater foothold. The Saudi minister of interior, now second-in-line to the throne, has a personal stake in seeing AQAP eradicated. The terror group's top bomb-maker put a sophisticated bomb in his own brother's rectum, exploding it when the brother met the leading royal a few years ago. The brother died, the minister was only lightly injured. This is the same bomb-maker who made the underpants bomb that came close to bringing down an airliner over Detroit on Christmas Day 2009. Despite extensive drone campaigns targeting him, he is believed to still be alive and remains a significant global threat. There is no doubt in anyone's mind here that al Qaeda in Yemen will use any chance it gets to export terror over the border to their northern neighbor, with the royal family being the targets of choice. Col. Omar al Kahtani, our escort for the day, was in a voluble mood as we sped toward the looming mountains that mark the border. "Anything could happen," he told us. "Be ready with your camera." Gun battles are rare on this border, he said, but only three weeks earlier, on Saudi's northern frontier, ISIS fighters broke through the defenses, killing three Saudi soldiers, including their commander.

#### Instability coming now – structural conditions are key and will weaken Gulf countries’ power unless immediate action is taken

Osman 5/20 [By Tarek Osman, political-economist focused on the Arab world, is the author of the international bestseller “Egypt on the Brink.” “Who Will Win the Middle East?” Foreign Affairs, 5/20/14] AJ

As unpredictable as the Middle East will be over the next few years, there are a few certainties. First, following a pattern of the last five decades and increasingly spurred by demographics and the already palpable cultural trends within the region’s colossal youth segment, the wave of urbanization, Westernization, and increased liberalism will prove unstoppable. That will weaken the Islamists, because their attempts to evolve their rhetoric and political messages to match these trends will diminish their support among their core constituencies and gradually detach them from the Islamic frame of reference upon which their entire movement has been built. Second, because of competitive deficiencies in educational quality, technological advancement, and energy costs -- in addition to looming water crises in the Nile and Jordan River basins -- almost all large countries in the region will confront socioeconomic turbulence in the next decade. That will weaken the traditionalist camp, which relies on structured authority. In a sense, then, both camps could lose. The socioeconomic challenges that all of these countries will confront could trigger a new youth rebellion, which, unlike the 2011 uprisings, would not be directed at the current rulers but at the entire political and economic establishments that control these countries. Such a movement could rapidly dilute the powers of entrenched institutions in old Arab republics as well as in Gulf monarchies. It could also undermine the prospects of political Islam. No matter what, then, adaptability will be key for Islamists and traditionalists alike. The camp that adjusts to these social, political, and economic waves will have better chances of withstanding the approaching storm.

#### US-Saudi relations improved now

Mufson 1/24 [Steven Mufson and Liz Sly. “Middle East instability a test for relations between Obama and new Saudi leader.” The Washington Post 1/24/15] AJ

But U.S. officials say that over the past few months, ties between Washington and Riyadh have warmed again, bolstered by an Obama visit to the Saudi capital last March and, more importantly, by both countries’ overriding focus on blunting the rise of the Islamic State, also known as ISIL or ISIS.

“The relationship is on a sound track,” said a senior administration official. “I don’t want to paint a picture of complete harmony. They want us to be more aggressive on Iran. They want us to be more aggressive in Syria,” he said. But, he added, “I think on both sides there has been an evolution. I think the threat of ISIL has certainly brought the two countries together.”

#### Relations key to oil, terror, and it’s urgent

The stakes in the relationship are high. The United States needs help from Saudi Arabia, home of the extremist Wahhabi strain of Islam, in tracking down terrorists and choking off funding to militant jihadist groups. And as the world’s largest crude oil exporter, Saudi Arabia’s stability is critical for the world economy. Saudi Arabia, for its part, needs U.S. help to protect its vast oil infrastructure and shipping lanes for its oil tankers.

At the same time, Saudi Arabia is fending off threats now lapping at its borders, especially the rise of Shiite groups backed by Iran and the erosion of Saudi prestige as a leader of Sunnis throughout the Middle East, Saudis and Western observers say.

“The situation is urgent,” said Abdullah al-Shammari, a political analyst in Riyadh. “Saudi Arabia needs to think about new alternatives and creative solutions. Otherwise, we will lose even more.”

Recently, Saudi fighter jets have taken part in bombing raids against Islamic State forces, rare forays for a country that has long preferred to work behind the scenes. And the Saudi government has hunted down returning Islamic State warriors while preaching a more moderate brand of Islam to head off recruiting efforts by extremist groups.

#### New card

Osman 5/20 [By Tarek Osman, political-economist focused on the Arab world, is the author of the international bestseller “Egypt on the Brink.” “Who Will Win the Middle East?” Foreign Affairs, 5/20/14] AJ

The Arab uprisings of the last three years shook up the balance of power once more, toppling three of the Arab republics, Egypt, Libya, and Tunisia; threatening Arab monarchies in the Gulf; and sewing chaos around Israel. Whereas most observers evaluate the uprisings in terms of the political changes they did -- or did not -- usher in, there are other forces at play. A larger power struggle has emerged out of the ashes of revolution, repression, and war from Tunisia to Syria, which is reshaping the entire strategic landscape of the Middle East. Its outcome will transform the entire region more than any regional rivalry or the rise or fall of any single power in the preceding half century.

At the heart of this transformation are two groups of countries and political forces with opposing objectives. The first, led by Islamist forces in Iran, Qatar, Turkey, and the large Arab political Islamist groups such as the Muslim Brotherhood, aims to channel the energy of the Arab uprisings toward a gradual Islamization of the region. The definition of that Islamization varies depending on the ideologies, backgrounds, and social and political circumstances of each country. The camp’s unifying conviction, however, is that political Islam is the sole framework for governing. Its members believe that, unlike the old rhetoric of secular Arab nationalism or republicanism, Islamism can actually win the support of the widest social segments in the region -- and keep it. To promote its goals, the camp uses a loosely organized network of media, religious authorities, and financial interests to rouse wide sections of the more than 180 million Arabs who are under 35 years old to demand bottom-up change.

The other camp, led by Saudi Arabia and other Gulf monarchies, such as Kuwait and the United Arab Emirates, and supported by Egypt, Israel, and Jordan, sees this transformation as a threat. They -- the traditionalists -- believe that Islamization will bring further fragmentation in some countries, such as Iraq, Lebanon, and Syria; highly disruptive political and social discord in others, such as Egypt; and the strengthening of jihadist groups across the region. Favoring a more gradual, managed, and cautious evolution of the existing order, the traditionalist camp relies on militaries, security apparatuses, media and financial interests, and other state or state-backed institutions to enforce a message of national preservation and shield their countries from the upheaval unfolding across the region.

The battle between the two groups is a new kind of fight in the Middle East. Previous struggles between Arab secularists and Islamists (for example, between Nasser and the Egyptian Muslim Brotherhood in the 1950s, or between the Assad regime and the Brotherhood in the late 1970s and early 1980s) were country and regime specific. The Arab-Israeli conflict, meanwhile, has been primarily over territories. And the contest between secular Arab republics and Gulf monarchies throughout the 1960s (such as between Nasser’s Egypt and Saudi Arabia) revolved around the survival of specific regimes. This emerging two-camp confrontation, however, is over the nature and future of the region’s societies, from North Africa to the Gulf.

TROUBLE IN EVERY DIRECTION

The struggle between these two camps will be determined by four factors. The first is Egypt’s future. With nearly 90 million people, the country is the home of a third of all Arabs and, for decades, has been the region’s cultural trendsetter. Political Islam has already shaped Egypt’s politics since the fall of President Mubarak, throughout President Mohamed Morsi’s year in office, and, since Morsi’s ouster last summer, in the ongoing struggle between the resurgent nationalists -- and at their core, the military establishment -- and the Islamists. But it is really Egypt’s economy that will determine the country’s course. If Egypt’s government, likely led by Field Marshal Abdel Fattah El-Sisi, who is widely expected to win a May 25–26 presidential election, can finally put forward badly needed economic reforms, including cutting back on unaffordable public subsidies, without losing popular support and risking another round of political protest, then Egypt could regain its status as a player in the region and significantly bolster the second camp. But that is a tall order. And if it fails, another round of unrest would doom the traditionalists’ camp.

The second variable is the future of Algeria, North Africa’s largest and richest country, thanks in large part to its oil and gas wealth. (Algeria is Europe’s third-largest energy supplier.) The military regime has been buying time until it can find a replacement for the ailing, aged President Abdelaziz Bouteflika. His replacement must be acceptable to the generals who have controlled the country for over four decades and be conciliatory to the political Islamists that fought the regime throughout the 1990s in a war that cost 100,000 lives. The regime still survives by buying off such dissenters and playing off the public’s fear of returning to the violence of the 1990s, which compels many Algerians to accept the lack of plurality in return for peace and stability. But although the Algerian regime survived the wave of protests in 2011 intact, it is hardly bulletproof. Algerian political Islam has evolved beyond its 1990s antagonistic worldview. New Algerian Islamist parties could reemerge as a serious rival to the military regime. And with Algeria’s immense financial resources, this would give the first camp a major strategic advantage.

The third factor is Saudi Arabia, where the royal family is digging in its heels. A rising middle class that has a huge stake in the economy -- and has been increasingly exposed to political and social currents outside the conservative kingdom -- has finally started to demand political representation. Meanwhile, Saudi Arabia’s economic prospects are slowly deteriorating. (The country is expected to become a net energy importer by 2030.) A sagging economy will only hinder the royal family’s ability to keep buying middle-class support through social welfare and public allowances. The threats of a low-level Shiite insurgency in the kingdom’s eastern province, a renewed Shiite Houthi militancy on the borders with Yemen, or a protest movement among young, disaffected Saudis could erode the government’s authority. A weakening of the Saudi regime would undermine the traditionalists’ camp by diverting the resources and dampening the will of its most powerful and assertive member.

But there is another scenario. King Abdullah, who is 89 years old, has shuffled responsibilities and positions within the ruling family, and the rising (relatively young) princes are aware of the challenges their political system faces. If, motivated by these existential threats, the Saudi regime can evolve and turn the kingdom into a functioning constitutional monarchy in which the political, social, and economic rights of large groups of young Saudis are respected, it could lead to a long but relatively stable transition. A new, assertive Saudi leadership, buoyed by political legitimacy, would imbue the traditionalists’ camp with strong momentum.

The fourth factor is just how much more chaos the Middle East sees over the coming decade. The civil war in Syria is likely to end with a semblance of a centralized authority in Damascus, surrounded by quasi-independent political entities. Several Salafist jihadist groups in the country could manage to entrench themselves in the increasingly lawless desert plains extending from eastern Syria to western Iraq, where they could try to establish Islamic statelets, isolated from the surrounding world (as similar groups have tried in Afghanistan and the Caucasus). Their presence will be a source of violence and political fragility, primarily for Syria and Iraq, but also for Lebanon and Jordan, opening more fronts in the battle between the two camps.

The camp that can turn the political contests in the region to their advantage, by deflecting potential chaos and inflicting its consequences on the other camp, will be better positioned to win this strategic struggle.

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#### US Saudi relations

The stakes in the relationship are high. The United States needs help from Saudi Arabia, home of the extremist Wahhabi strain of Islam, in tracking down terrorists and choking off funding to militant jihadist groups. And as the world’s largest crude oil exporter, Saudi Arabia’s stability is critical for the world economy. Saudi Arabia, for its part, needs U.S. help to protect its vast oil infrastructure and shipping lanes for its oil tankers.

At the same time, Saudi Arabia is fending off threats now lapping at its borders, especially the rise of Shiite groups backed by Iran and the erosion of Saudi prestige as a leader of Sunnis throughout the Middle East, Saudis and Western observers say.

### Eco Social Democracy

#### Social democracy key to ecological movements – discourses are inter-related and empirically verified

Haley 05 [BRENDAN HALEY. Social Democracy and Ecological Modernization: Swedish Lessons for a Green Industrial Policy. A Major Paper submitted to the Faculty of Environmental Studies in partial fulfilment of the requirements for the degree of Master in Environmental Studies. York University, Ontario, Canada. June 7th, 2005] AJ

An agency-based theory of ecological modernization underscores that social actors construct the discourse of ecological modernization and the discourses within ecological modernization. Ecological modernization, led by different actors with different ends in mind, is open to a vast array of societal projects. Some actors view ecological modernization as a way to maintain the hegemony of capitalist organization, while others see it as a strategy to achieve both radical ecological and social goals. Christoff (1996) makes a distinction between ‘strong’ and ‘weak’ forms of ecological modernization. The ‘strong’ form has robust ecological and democratic criteria; is driven by the environmental movement; is institutional and international. A ‘weak’ form of ecological modernization also exists: with emphasis on economic criteria and with governments and business continuing the “instrumental domination and destruction of the environment”. The weak form is characterized as economistic, technological, national, hegemonic, technocratic and neo-corporatist. Hajer (1996) examines three different ‘discourse coalitions’ found within ecological modernization by presenting ecological modernizations based on ‘institutional learning’, ‘a technocratic project’, and ‘cultural politics’. The ‘institutional learning’ perspective’s strategy is to incorporate environmental considerations into existing hegemonic institutions (business, government). There is no challenge to existing forms of power. The ‘technocratic’ perspective advocates alternative technologies and challenges biases towards hierarchy and centralization. The ‘cultural politics’ perspective hopes to go beyond the modern/anti-modern debate and recreate the relationship between society, nature and technology. This perspective seeks to question who defines nature, and whose interests are served in the current definition of environmental problems. Issues of power and the encouragement of conceptual changes are fundamental to the ‘cultural politics’ perspective. David Harvey (1996) considers the potential that political actors have to seize the discourse of ecological modernization to achieve their own goals for society. He observes that ecological modernization appeals to existing structures of power and can further secure their hegemony: The discourse would not have the purchase it evidently has had without a significant tranch of support from the heartland of contemporary political-economic power. (Harvey 1996: 380) Indeed, it is not impossible to imagine a world in which big industry (certain segments), big government (including the World Bank) and establishment, high-tech big science can get to dominate the world even more than they currently do in the name of ‘sustainability’. (Harvey 1996: 382-383) But Harvey (1996: 380) also sees opportunities for a radical agenda to gain ground within the ecological modernization discourse, stating: “as often happens with a public discourse in formation, all sorts of interventions and openings have occurred, through which quite a bit of radicalization has been achieved”. Harvey (1996: 400-401) points to the environmental justice movement as an actor group that can “reclaim for itself a noncoopted and nonperverted version of the thesis of ecological modernization”. Harvey defines an ecological modernization strategy, led by the environmental justice movement, seeking alternative forms of production, consumption and distribution as a ‘class project’ because it contests who has power over environmental transformations. The discourse of ecological modernization can take many forms, since it leaves itself open to a variety of different policy goals and understandings of social change. Particular actor groups or ‘discourse coalition’ shape each form of ecological modernization. Conclusion Ecological modernization is a discursive construction that informs and legitimizes a policy based on an ecological industrial restructuring. The understandings of physical and social reality in ecological modernization discourse correspond with many of the understandings found in social democratic ideology. Tensions exist within social democracy and ecological modernization over the perceived ability for social actors to contest physical and social structures. The interaction of the two discourses throttles, and changes, these tensions and leaves open a variety of forms for social democratic ecological modernization. In this study, I examine an ecological modernization discourse led by social democratic actors. Ecological modernization as a theoretical approach sheds light on what goals this particular social democratic ‘discourse coalition’ attempts to achieve through its green industrial policy. An analysis of the various forms of ecological modernization presents a tool to evaluate the suggested direction of social democratic green industrial policy (i.e. ‘weak’ or ‘strong’; ‘institutional’, ‘technocratic’, or ‘cultural politics’; eco-socialist or hegemonic). Through analysis of the Swedish case we can evaluate if social democratic ecological modernization is a challenge or a boon to neo-liberal hegemony and if it makes a real contribution to improving environmental quality.

### Helen Keller K

#### The affirmative’s valorization of Helen Keller as a hero plays into the narrative of overcoming, which paints the people with disabilities who can cope as heroes, and others as failures. This only re-entrenches ableism by creating impossibly high expectations that are never met

Coleridge 93 [Coleridge, Peter. Disability, liberation, and development. Oxfam, 1993] AJ

Heroes, heroines, and haloes There is another aspect of negative attitudes that is possibly more insidious than outright rejection, because it appears to be benign. It is the phenomenon of hero-worship. Some people surround disability with a kind of halo which designates the disabled person as a hero or a saint. But both rejection and hero-worship are equally disabling. Nawaf Kabbara from Lebanon was paralysed in a car accident in his twenties. Before his accident, he had what he describes as the 'normal' attitudes towards disabled people: pity for their condition and admiration for them if they coped well. For him disabled people were in two classes: beggars or heroes. But after his accident his ideas changed. He did not see himself as a hero: Why is it wrong to regard disabled people as heroes? Because we are not heroes. It just happens that things have changed in the way we do things; ive are doing them in a different may. Of course there are challenges. You have to 'cope'. Some do that better than others. But it is not heroism. It is just a life you have to carry out. Regarding disabled people as heroes or heroines is another form of labelling. Labels disable because they do not present the person for what he or she really is. Being regarded as a hero is ultimately very discouraging if you know perfectly well that you are not; it implies a shallowness, artificiality, and lack of seriousness in the relationship which is profoundly unsatisfying for the disabled person. It also inevitably entails failure when he or she does not live up to the expectations that hero-worship imposes.

#### The alternative is to recognize that we are all disabled in some way, some more visibly than others. Understanding that people with disabilities are not heroes but simply people is key to mutual respect and understanding

Coleridge 93 [Coleridge, Peter. Disability, liberation, and development. Oxfam, 1993] AJ

The point about attitudes, finally, is that disabled people just want to be themselves and accepted for what they are. They are people with different abilities, like anyone else, with their own desires, ambitions, weaknesses, prejudices, perceptions, emotions, and hopes, like anyone else. In the final analysis we all have impairments: those who are referred to as disabled just happen to have more obvious impairments than others.

#### Narrative frames and precedes ethics—there is no knowledge, experience, or ethics independent of the narrative from which it is abstracted. It is that narrative that gives it meaning. The role of the ballot is thus to endorse the best anti-oppression narrative

Fisher 84 [Fisher, W. R., Professor Emeritus at the USC Annenberg School for Communication. “Narration as a human communication paradigm: The case of public moral argument.” Communications Monographs, 51(1), 1-22.] SW

The context for what is to follow would not he complete without recognition of the work done by theologians and those interested in religious discourse. The most recent works in this tradition include Goldberg (1982) and Hauerwas (1981). It is worth pausing with these studies as they foreshadow several of the themes to be developed later. Goldberg claims that: a theologian, regardless of the propositional statements he or she may have to make about a community's convictions, must consciously strive to keep those statements in intimate contact with the narratives which give rise to those convictions, within which they gain their sense and meaning, and from which they have been abstracted. (p. 35) The same can be said for those who would understand ordinary experience. The ground for determining meaning, validity, reason, rationality, and truth must be a narrative context: history, culture, biography, and character. Goldberg also argues: Neither "the facts" nor our "experience" come to us in discrete and disconnected packets which simply await the appropriate moral principle to be applied. Rather, they stand in need of some narrative which can bind the facts of our experience together into a coherent pattern and it is thus in virtue of that narrative that our abstracted rules, principles, and notions gain their full intelligibility. (p. 242) Again, the statement is relevant to more than the moral life; it is germane to social and political life as well. He observes, as I would, that "what counts as meeting the various conditions of justification will vary from story to story .... " (p. 246). I will suggest a foundation for such justifications in the discussion of narrative rationality. With some modifications, I would endorse two of Hauerwas' ( 1981) 10 theses. First, he claims that "The social significance of the Gospel requires recognition of the narrative structure of Christian convictions for the life of the church" (p. 9). I would say: The meaning and significance of life in all of its social dimensions require the recognition of its narrative structure. Second, Hauerwas asserts that "Every socialethic involves a narrative, whether it is conceived with the formulation of basicprinciples of social organization and/or concrete alternatives" (p. 9; see also Alter,1981; Scult, 1983). The only change that I would make here is to delete the word"social." Any ethic, whether social, political, legal or otherwise, involves narrative.

#### Social constructions of disability are the root cause of other forms of oppression since the drive for normalization and the desire for aesthetic coherence forms the basis of our politics. Pedagogical confrontations that challenge these assumptions are where real change is created, not political action – the role of the ballot is to endorse the best disability scholarship.

Siebers 10 [Tobin, Professor of English at the University of Michigan, Disability Aesthetics, pg. 58-63]

These two episodes may seem worlds apart, their resemblance superficial. The first turns on questions of aesthetic taste. The second is about political inclusion. But they express with equal power the current struggles in the United States about the ideal of a common culture. Do certain kinds of bodies have greater civil rights than others? Which is more important, the baby's body or the mother's body? Who should bear the cost to make public buildings accessible to people with disabilities? Who gets to have sex with whom? Whose bloodlines will Americans claim as their birthright? These are political questions for the simple reason that they determine who gains membership, and who does not, in the body politic, but the apparent oddity of the culture wars consists in the fact that the debates over these questions have used aesthetic rather than political arguments. The flash points in the battle are not on the senate floor or in the chambers of the powerful but in classrooms, museums, theaters, concert halls, and other places of culture. Opposing sides tend not to debate political problems directly, focusing instead on the value of reading certain books, the decency of photographs, paintings, and statues, the offensiveness of performances and gestures, the bounds of pornography, the limits of good taste. The culture wars are supposed to be more about who gets into the culture than who has culture, and yet it is difficult to raise one issue without raising the other. Aesthetics tracks the emotions that some bodies feel in the presence of other bodies, but aesthetic feelings of pleasure and disgust are difficult to separate from political feelings of acceptance and rejection. The oppression of women, gays and lesbians, people with disabilities, blacks, and other ethnic groups often takes the form of an aesthetic judgment, though a warped one, about their bodies and the emotions elicited by them. Their actions are called sick, their appearance judged obscene or disgusting, their mind depraved, their influence likened to a cancer attacking the healthy body of society. Such metaphors not only bring the idea of the disabled body to mind but represent the rejected political body as disabled in some way. The culture wars appear to be as much about the mental competence to render judgment, the capacity to taste, and the physical ability to experience sensations as about a variety of controversial judgments, tastes, and feelings. They are as much about the shapes of the individual bodies accepted or rejected by the body politic as about the imagination of a common culture. The status of disability, then, is not just one controversy among others in the American culture wars. Disability is in one way or another the key concept by which the major controversies at the heart of the culture wars are presented to the public sphere, and through which the voting public will eventually render its decisions on matters both political and aesthetic. For to listen to opposing sides, the culture wars are about nothing more or less than the collective health of the United States. The culture wars not only represent minority groups as mentally and physically disabled-and demand their exclusion from the public sphere as a result-they reject works of art that present alternatives to the able body. Only by understanding that health is the underlying theme of the culture wars may we understand that thes,e two trends are related. The most scandalous artists in recent controversies about arts funding, for example, give their works an organic dimension that alludes to bodies gone awry, and these allusions are largely responsible for their shock value. They summon an aesthetic revulsion equivalent to the disgust felt by many persons in face-to-face encounters with people with disabilities, thereby challenging the ideal of a hygienic and homogeneous community.' Karen Finley's avant-garde performances confront the audience with a spectacle of errant body fluids: spermatozoaic alfalfa sprouts and excremental chocolate ooze over her body. In one performance, Lamb of God Hotel, she plays Aggie, a woman using a wheelchair having her diaper changed. Andres Serrano's notorious Piss Christ immerses a day-glow crucifix in a vat of the artist's urine, capturing the startling contradiction of Christianity's all-too-human son of God defiled by a mortal body and its waste fluids. Other photographs by Serrano present abstract expressionist patterns composed of blood and semen, stilllifes arranged with human and animal cadavers, and mug shots of the homeless, criminal, and aged. Robert Mapplethorpe's most memorable photographs capture the homoerotic body and serve it up to a largely heterosexual population. Perhaps his most outrageous work is a self-portrait revealing a bullwhip stuck up his rectum. It summons ideas of the devil as well as S/M practices, of course, but it also presents the image a man who has grown a tail, invoking a body whose deformed shape is less or more than human. These stunning works make a contribution to the history of art by assaulting aesthetic dictates that ally beauty to harmonious form, balance, hygiene, fluidity of expression, and genius. But their shock value owes less to their quibbling with certain aesthetic principles than to the bodies and organic materials presented by them. They represent flash points in the culture wars not only because they challenge how aesthetic culture should be defined but also because they attack the body images used to determine who has the right to live in society. People with disabilities elicit feelings of discomfort, confusion, and resentment because their bodies refuse cure, defy normalization, and threaten to contaminate the rest of society. We display bodies objectionable to the body politic, disrupting the longstanding association between instances of aesthetic form and what Fredric Jameson calls the political unconscious. The political unconscious, I want to argue, enforces a mutual identification between forms of appearance, whether organic, aesthetic, or architectural, and ideal images of the body politic. It accounts for the visceral and defensive response to any body found to disturb society's established image of itself. Jameson, of course, defines the political unconscious as a collective impulse that situates the experience of the human group as the absolute horizon of all interpretation. In fact, the existence of the group is for him so much a part of human experience that he considers the consciousness of individuality itself as a symptom of estrangement from collective life. Notice, however, that the political unconscious has no content other than its ability to reference human community as a formal totality. It exists to ponder social totality, but what it refuses to ponder a vision of community as less than perfect. To conceive social totality at the level of form envisions both objects of human production and bodies as symbols of wholeness. The political unconscious establishes the principle of totality as the methodological standard of all human interpretation. It installs the image of an unbroken community as the horizon of thought, requiring that ideas of incompetent, diseased, defective, or incomplete community be viewed as signs of alienation. This means that the very idea of disability signals the triumph of fallen or defective consciousness, despite the fact that there are no real, existing communities of human beings unaffected by the presence of injury, disease, defect, and incompleteness. In short, the political unconscious is a social imaginary designed to eradicate disability. The political unconscious upholds a delicious ideal of social perfection by insisting that any public body be flawless. It also displaces manifestations of disability from collective consciousness, we will see, through concealment, cosmetic action, motivated forgetting, and rituals of sympathy and pity. Advertisements, media images, buildings, and habitats work to assert the coherence and integrity of society, while public actions like telethons and media representations of heroic cripples mollify the influence of disability. Bodies that cannot be subsumed by ritual and other public action represent a blemish on the face of society, and they must be eliminated, apparently whatever the cost. Diane DeVries provides a familiar account, unfortunately, of the political unconscious at work, of the visceral disgust and accompanying violence often directed at people with disabilities. She reveals that observers of the disabled body often feel compelled to fly into action, to cure or kill the ungainly sight before their eyes. De Vries was born with short arms, no hands, and no legs: once when I was a kid, I was in a wagon and we were in this trailer park, and some kid came up to me with a knife. He said, "Aw, you ain't got no arms, you ain't got no legs, and now you're not gonna have no head." He held me right there, by the neck, and had a little knife. It was one of those bratty kids that do weird things. (Cited by Fine and Asch 48)

#### More

Coleridge 93 [Coleridge, Peter. Disability, liberation, and development. Oxfam, 1993] AJ

While non-disabled people must be aware of the dangers of hero- worship in relating to disabled people, disabled people themselves also have to be sensitive to the risk of playing the hero, especiallv if the trauma of disability fires them to succeed and \*beat the able- bodied at their own game'. Building self-esteem can go over the top. Venkatesh recognised this danger in himself: There's a kind of determination to heat people at their own game. But one should not get lost in it. I got lost in it, and came out of it. Because you can overdo it, and therefore lose touch with yourself in trying to be that superman. The trip becomes getting a better job, earning more money, having status. These are the social parameters of someone who is doing well in life. So I was caught in that, and I had to get out of it. I've passed a stage where I don't have to do that because I can Ik just myself now. But it took a long time. Such an awareness is not reached quickly. We all, whether disabled or not, spend our lives on a journey of discovery about ourselves in relation to our own character and the way it reacts to events. Disabled people have an added dimension to their journey, which is the identity created by their impairment, and they are, like everyone else, continually going through shifts in perception about themselves. The process of attitude change is life-long. And for everybody, whether disabled or not, the way people relate to us is determined by many factors, but most of all by the way we feel about ourselves.

### Moar

#### Welfare state gradually eroded demand for a living wage – link to neolib

With hindsight, it is clear that during the post-war years the welfare state gradually eclipsed the demand for a living wage. The provision of education, health, housing and pensions - together with the growth of collective bargaining and the operation of Wages Councils - relegated to the sidelines the demand for a living wage. During the twentieth century, the state tended to lay down minimum standards for pay - which have generally been less than subsistence standards - and then provided a ëtop-upí depending on need and political pressure. However, by the 1970s poverty was creeping back into everyday life. In particular, those workers who had not collectivised their wage setting, and were left to the Wages Councils, had seen a relative decline in their levels of pay. Wages Councils still covered as many 3.5 million workers by the late 1970s, and most had minimum standards little better than benefit levels.

These workers stood little chance of withstanding the whirlwind of market forces that were unleashed by Mrs Thatcherís Conservative governments during the 1980s. These governments introduced market testing to the NHS and compulsory competitive tendering to local government, and enacted widespread privatisation. The market was treated as a public good. Any obstacles to the operation of market forces were opposed, and trade union reforms were accompanied by the abolition of Fair Wages in contracting in 1983, and of the Wages Councils in 1993. Wages were once more being increasingly determined by the laws of supply and demand. As was inevitable, inequality grew. Between 1977 and 1991, the share of total disposable income received by the top 20 per cent of households increased from 36 to 42 per cent. The share received by those in the lowest 60 per cent fell, while the share of the bottom 20 per cent fell from 10 to 7 per cent.4

The model of capitalism that emerged from this period is now widely known

as neoliberalism, and its preferred form of employment relationship has been subcontracting, which is now common across the public and private sectors in all parts of the world. Large multinational corporations have been able to source their goods - and, increasingly, their services - from suppliers in a growing diversity

of nations, getting them to tender for work and thus reduce costs. Furthermore,

as economic activity and market relations have taken hold in poorer parts of the world, rates of international migration have also increased. As Douglas Massey and colleagues put it in their overview of scholarship in the field: ëInternational migration does not stem from a lack of economic development, but from development itselfí.5 Processes of economic globalisation have extended local markets and the desire for material goods, along with the money and physical infrastructure needed to move; and they have also played a major role in generating the widening inequalities and impoverishment that have further encouraged international migration. Increasing numbers of people from the Global South and East have found their way North and West, and Britain has become a nation of immigration rather than emigration during the past twenty years. Many such migrants have acted as Marx said they would: they have become a reserve army of labour, taking up degraded employment in more affluent countries. Recent research into Londonís low-paid economy has exposed the extent to which our city now depends on these migrant labour supplies; in what we have called Londonís Migrant Division of Labour, a number of us working together at Queen Mary have highlighted the extent to which sectors such as care, cleaning, construction and hospitality are now dependent upon foreign-born staff.6

#### UK ev – new aff maybe?

When they came into power in 1997 New Labour recognised the need to tackle low pay. The 1998 National Minimum Wage Act provided for the establishment of a Low Pay Commission, which now sets Britainís National Minimum Wage (NMW). The first rate, set in April 1999, was £3.60 an hour for adults aged over 22, and covered as many as 1.2 million adults, who had an average pay rise of 10 per cent. There is evidence that the NMW has reversed half the increase in inequality of the Thatcher era without any detrimental impact on employment; and there is some evidence that it has been responsible for greater productivity, some reductions in hours, some price increases and some falls in profits.8 Compliance appears to have been remarkably high, and in tandem with working tax credit and child tax credit, the NMW has set new income standards for Britain. But while the NMW has clearly had a very positive impact on the incidence of low pay and income inequality, this approach has a number of limits, and there is a need to go beyond this. Outlined below are five limitations of the NMW that are particularly pertinent in the context of the subcontracted economy.

Firstly, the NMW has been set at a level determined by the market rather than Seebohm Rowntreeís concept of the ëhuman needs of labourí. Section 7 of the

1998 Act requires that the Low Pay Commission consult employersí and workersí representative bodies in making their recommendations, and in so doing: ëhave regard to the effect of this Act on the economy of the United Kingdom as a whole and on competitivenessí. The wage reflects what the market will bear rather than what is actually required to live. At its present level of £5.73 an hour, a worker

earns £230 for a 40-hour week (just under £12,000 a year) before stoppages. Recent research funded by the Joseph Rowntree Foundation has confirmed that in the UK even a single person with no dependents, living in council housing, needs £13,400 a year before tax to afford a basic but acceptable standard of living. This sum translates as £6.88 an hour, well above the NMW. Londonís own living wage rate is currently £7.60 an hour - approximately £15,000 a year before stoppages; but even this is calculated on the basis of full benefit take up. Without means-tested benefits the London living wage needs to be as much as £9.85 an hour.9

Many workers in London earn well below the living wage rate. The Greater London Authority puts the figure at about 1 in 5, or 400,000 people. Many of these workers have dependents to support, and they often are the only working adult in the family. As already indicated, the majority of them are migrants to the UK, and many do not have access to the benefit system. They include international students, new arrivals from central and eastern Europe and irregular migrants who

are not eligible to claim the in-work benefits that are available to their colleagues. Even if they were paid the London living wage - which would represent a 40 per cent pay rise from the NMW - these workers would still not be earning enough money, because of this lack of support. As a result many work long hours, take up second or third jobs and share their accommodation with others. I will never forget interviewing one woman from the Caribbean who cleaned at Canary Wharf from 9pm at night, then cleaned a hospital every morning and then managed to look after some elderly people in the evening before returning to Canary Wharf to clean. This woman had a herculean appetite for work, sleeping only at the weekend and always falling asleep on the tube going home. She had a young son at home, and had had a stroke during the previous year. Many other workers we have spoken to are similarly overstretched, studying during the day and working at night. The NMW is not sufficient to keep workers out of poverty, particularly if they have no access to the benefit system.

# Econ Generics

## By Article

## Aff

### Waldman 15

Waldman 3/11 [Oren M. Levin-Waldman, professor of public policy in the School for Public Affairs and Administration at Metropolitan College of New York (2015) Why the Minimum Wage Orthodoxy Reigns Supreme, Challenge, 58:1, 29-50, DOI: 10.1080/01603477.2015.99083. 11 Mar 2015.] AJ

Aa

#### Theoretical models grounded in technocracy and fetishize individual choice

The minimum wage orthodoxy is predicated on a neoclassical synthesis that maintains that in a competitive market, each worker receives the value of his or her marginal revenue product of labor (the amount of increase in the output that results from an increase in, say, a unit of labor). If adding an additional worker results in a rise in total revenues, the firm’s output will rise as a result. A wage floor, such as a mandated minimum wage, prevents the cost of labor from dropping below a set rate. With a minimum wage higher than the equilibrium wage, fewer workers will be hired than are will- ing to work, resulting in unemployment. As the cost of labor increases due to a mandated minimum wage that is higher than the market-clearing wage, firms will hire fewer workers and employment will drop. A minimum wage higher than the equilibrium wage results either in the layoff of those workers whose value is less than the minimum or the requirement that low-efficiency workers improve their skills (Mansfield 1994; Schansberg 1996; Stigler 1946).

This synthesis has its appeal partly because it assumes an efficient out- come. It is predicated on a goal of efficiency that can only be achieved when all labor is utilized, and all labor is utilized only when the demand for labor equals the supply. The efficiency argument is also well grounded in America’s Progressive tradition. Writers as early as Woodrow Wilson when he was a government professor at Johns Hopkins in the late 1800s would talk of the need for a science of public administration grounded in efficiency. The appli- cation of scientific principles of business management to governance and the administration of public affairs would result in efficient outcomes, which

would ultimately serve the public interest (Wilson 1887). Therefore, it followed that policy in the service of the public interest would similarly seek to achieve outcomes that were efficient as well. But there was more to the Pro- gressive tradition. The application of scientific principles of business manage- ment also assumed that there would be deference to expertise as well. Those who would serve as public administrators, the stewards of the public interest, would also do so on the basis of merit and that they had developed expertise in these scientific principles of business management and their application.

This, of course, led to the further assumption that policy decisions based on scientific models must be correct. Applying this to the minimum wage, if the model, assumed to be grounded in scientific principles, says that minimum wage increases will lead to lower employment, and these are “scientifically” trained experts telling us so, it must be true. Moreover, these same experts are asserting that lower employment is not only not in the public interest but is in fact contrary to the public interest. It would seem that the orthodoxy did receive quite a boost from Progressive thinkers whose world view was indeed grounded in efficient outcomes in both the public and private sectors.

The model also corresponds to a liberal tradition grounded in human agency where individuals are free to make choices in accordance with their conceptions of the good life. Any attempt to impose one’s values on those choices and limit agency is not only abridging freedom but hindering efficient outcomes. The model simply assumes a good and efficient outcome to arise from individuals freely making choices and pursuing their interests. This emphasis on free choice and efficiency, however, may also mask the parti- cular vision of society contained in the neoclassical model’s normative con- ception of the economy. In this vision, workers can always determine whether they will be employed by virtue of their willingness to be flexible when it comes to their wage demands. That is, through the choices they make, individuals control whether they are employed. They choose the price—the wage—they will charge for their labor services. It is wage rigidity—their choosing a price too high and being inflexible about it—that results in unemployment.

#### The doctrine of lower wages to increase employment fails – neoclassical models don’t apply to the real world – wage decline decreases demand, doesn’t change fixed cots, and cause reverse-stimulus

Waldman 3/11 [Oren M. Levin-Waldman, professor of public policy in the School for Public Affairs and Administration at Metropolitan College of New York (2015) Why the Minimum Wage Orthodoxy Reigns Supreme, Challenge, 58:1, 29-50, DOI: 10.1080/01603477.2015.99083. 11 Mar 2015.] AJ

The orthodoxy, however, is flawed. First and foremost, it assumes competitive markets, and that in competitive markets workers can determine the overall demand for labor simply by adjusting their wage demands. The greatest flaw is the assumption that through the wages they demand, workers determine whether or not they will be employed. It is not the wage demands that workers make that determine whether they are employed; rather it is the aggregate demand for goods and services (Minsky 1986, 123–24). As John Maynard Keynes (1964, 14, 262) explained, it was a fundamental assumption of classical theory that labor could always reduce its real wage by accepting a reduction in money wages. Workers could always ensure their continued employment by adjusting their wages downward to the point where employ- ers would demand their labor. But there was no available means by which labor collectively could “bring the wage-goods equivalent of the general level of money wages into conformity with the marginal disutility of the cur- rent volume of employment.” As far as Keynes was concerned, a reduction in money wages would have no lasting tendency to increase employment other than by virtue of its consequences with regard to either the propensity to consume for the entire community or the schedule of marginal efficiency of capital. A reduction in money wages would reduce prices somewhat and would involve a redistribution of real income from wage earners to other factors. And this transfer from wage earners to other factors would in most likelihood diminish the propensity to consume, which in turn would only result in lower demand for goods and services, thereby resulting in an even greater contraction of productive industry. The point is that flexible wages would not ensure full employment if effective demand was deficient (Wein- traub 1978–79). In the real world, the demand for labor is based on output and aggregate demand for goods and services (Lester 1946, 1947; Palley 1998). Employers do not demand more labor because the price of labor has decreased but because consumers demand more of the goods and ser- vices that they produce. It is this need to produce more that leads employers to hire additional workers. The fundamental defect of wage deflation was also that it would lead to reduced production and employment. Therefore, a general reduction in wages and prices is not likely to lead to a readjustment; rather it will only make things worse. Even if it is assumed that the demand for labor is inver- sely related to the real wage, an exogenous decline in the level of money wages cannot increase employment even if the price of wage-goods declines proportionately. Moreover, if deflated wages lead to a redistribution of income from wage earners to nonwage earners, it will also result in less spending. An episode of deflation could also result in a decrease of net finan- cial wealth (Brown 1992). But there is also a limit to how much prices can be reduced following wage reductions. Employers still have fixed costs, and if they cannot reduce their prices to meet the new lower wages, the result will be a drop-off in demand because of reduced purchasing power.

#### Webb thesis

It is worth noting that the same Progressive tradition from which the orthodoxy may have been born also gave us another and equally valid model: the efficiency-wage model. The efficiency-wage model in line with the ortho- doxy finds expression in the other side of the competitive model, that in a competitive market, workers will produce more efficiently and will take steps to avoid shirking if employers pay them higher wages. Because employees receive higher wages, they have a stronger incentive to hold onto their jobs because the costs associated with job loss are also now higher. Employers, too, derive benefit because the costs of higher wages are offset by the savings in monitoring costs (Shapiro and Stiglitz 1984; Weiss 1990). Therefore, raising the minimum wage might have the effect of offering positive inducement to work. Moreover, employees will work harder and thus be more productive.

In its earliest form, often referred to as the “Webb” effect after British economist Sidney Webb, this model holds that a wage floor can lead to greater efficiency because workers become more productive. Although an increase in the minimum wage may well result in a wage exceeding the mar- ginal product of the worker, the employer now has incentive to find ways to increase productivity either by getting his workers to produce more or by substituting technology for labor. The worker, too, has incentive to improve his or her skills so the value of his/her labor will justify the new wage (Webb 1912). Subsumed under this model is the notion that a minimum wage would also make workers more productive because it would better enable them to maintain themselves physically, which in turn would sustain them spiritually. This argument was indeed championed by Progressive reformers in the early part of the twentieth century in their espousal of early minimum wage laws.

Among the early American economists to argue for the minimum wage on the grounds of efficiency was John Bates Clark (1913), who argued that low wages triggered a process whereby employers chose from the ranks of the most necessitous men and women. And in the pages of the American Economic Review, Edward Filene (1923, 411–15) wrote that one way of increasing efficiency would be to pay wages that would attract higher-quality workers. A higher wage would also be more cost effective because employers would not have to spend as much time providing direction and correcting the errors of those who were less well trained. Low wages simply resulted in employers having cheap standards, which only produced inefficient employ- ees. These workers would not be productive because they would not earn enough to maintain themselves properly. Moreover, employers would not be able to get effective organization out of those who were unintelligent, and they could not be intelligent if they did not earn enough to live properly. A legal minimum wage would then help both employers and employees by enabling them to compete on an even playing field with other employers, and by preventing employers from paying their workers insufficiently to be consumers in their business. Additionally, employers would be more likely to take an interest in their employees by educating them to a level that would make them worth the wage. Ultimately, Filene hoped that the state would provide training and education to future workers, so in his mind the minimum wage would serve to enhance public efficiency.

The efficiency-wage argument also figured prominently in an array of state reform efforts that ultimately culminated in the Fair Labor Standards Act of 1938. And yet, despite its lack of attention, the efficiency-wage argument nonetheless assumes the supply-and-demand function contained in the competitive model but essentially turns those assumptions flowing from it on their head. That is, those who are forced to pay higher wages would simply be forced to find ways to improve their productivity (Gordon 1995). More importantly, it calls attention to the fact that society through a wage policy is essentially expressing a value preference. It also reflects the more institutionalist school in economics. Rather

than assume that the economy operates by natural law, the economy is as much a function of institutions and power relations (Palley 1998). Or so this would appear to correspond to Piketty’s (2014) fundamental point about markets’ not being natural mechanisms.

#### Macroeconomics

Waldman 3/11 [Oren M. Levin-Waldman, professor of public policy in the School for Public Affairs and Administration at Metropolitan College of New York (2015) Why the Minimum Wage Orthodoxy Reigns Supreme, Challenge, 58:1, 29-50, DOI: 10.1080/01603477.2015.99083. 11 Mar 2015.] AJ

Another challenge to the neoclassical model comes from a macroeco- nomic model that suggests that insofar as a higher wage will offer low-wage workers more purchasing power, they in turn will be able to demand more goods and services. As they do this, business will produce more, and they in turn will hire more workers, which may have the inevitable result of naturally bidding up wages across the board. In this view, the model calls into question some of the assumptions contained in the competitive model. The quantity of labor is not determined by the price of labor, but by the aggregate demand for goods and services. Therefore, an increase in the minimum wage, though it may lead to some short-term adverse consequences, will lead to long-term benefits to the economy as a whole. It was this very type of macroeconomic argument that informed policy in the initial years of the minimum wage program. Higher wages, it was rea- soned, would result in less labor strife because there would be less reason for workers to engage in labor actions against their employers. Higher wages, then, would have a stabilizing effect. Because workers would have more money to spend, the economy as a whole would prosper. By creating a wage floor, there is a limit to how depressed wages become. By ensuring a minimum level of income, a minimum level of aggregate demand can also be ensured. The minimum wage is then viewed as part and parcel of a movement to achieve a living wage so that the consumer base of the economy can not only be maintained, but enlarged (Glickman 1997). Similarly, it would follow that a minimum wage, by expanding purchasing power, especially if it could be shown that the welfare effects would be broader than commonly supposed, that the macroeconomic benefits of the minimum wage might also serve to form the foundations for job creation.

#### Increases teen employment

The problem is that this prevailing view has been challenged by a new political economy of the minimum wage that calls these findings into ques- tion, especially among adults. Even the Minimum Wage Study Commission recognized that employment consequences were less for adults and that some benefits might accrue to the working poor. The earlier studies by Card and Krueger (1995a,) showed that contrary to minimum wage increases leading to adverse employment consequences, the minimum wage actually led to employment increases. Critics, however, were quick to point out that just because no adverse effects were observed did not mean there would not be any if the minimum wage was raised beyond the so-called tipping point. These increases may not have had the consequences predicted by the com- petitive model because the minimum wage was so far below a market- clearing wage (Freeman and Freeman 1991; Kennan 1995). Card and Krueger did concede that there was a tipping point but that it had not yet been reached. But they also pointed out that employment rose in the fast-food industry because it was a labor monopsony to the extent that it was the prin- cipal employer of minimum-wage workers, and therefore it was not represen- tative of most industries. Because they are the only firms willing to employ minimum-wage workers, these workers have no other choice but to accept those low wages that they are offered. In a monopsony market, minimum- wage increases may actually result in employment gains, largely because the market-clearing wage is still below that of a perfectly competitive market. As an increase in the minimum wage is still likely to be less than the market- clearing wage of a perfectly competitive market, the minimum wage in a mon- opsony is likely to result in greater employment and efficiency because it will still be less than the equilibrium wage in a perfectly competitive market (Brown, Gilroy, and Kohen 1982; Houseman 1998). Kevin Lang and Shulamit Kahn (1998) noted that higher minimum wages, contrary to the effects claimed by those who argue the youth disemployment effects, actually shift employment toward youth and students, especially in the fast-food industry.

#### A2 hours cuts

Critics, of course, still clinging to the orthodoxy, then suggested that employment may also increase because employers engage in rescheduling. While wage increases will lower employment in the standard model, mini- mum wages in an alternative model can actually increase employment because the wage floor increases the relative costs of hours, in which case the employer has greater incentive to increase the mix of jobs relative to hours. The key point is that the wage rate is used to determine hours, as opposed to clearing the labor market. Therefore, the minimum wage can increase employment. Employment can increase because the number of hours per worker may actually decline. As the cost of employing hours per worker increases, employers have greater incentive to reduce the work week and hire more workers. This is simply another form of substitution. Using data

from both Card and Krueger (1995) and also from their critics—which was initially employed in an attempt to discredit Card and Krueger—Thomas Michl (2000) suggests that a case could be made that to the extent that the New Jersey minimum wage increase had any impact on labor demand, it was to reduce the number of weekly hours per worker. Hours in New Jersey restau- rants were found to have declined by around 6 percent or by about an hour and fifteen minutes per week. But this objection was only challenged by Allegretto, Dube, and Reich (2011), who observed that higher minimum wages may have actually led the workers themselves to reduce their hours.

#### A2 small business

The orthodoxy only continued to be challenged. In a survey of small busi- ness, I found that not only had the 1997 minimum-wage increase to $5.15 an hour not affected most small businesses, but that at least 79 percent still would not be affected were the minimum wage to have been increased again to $6.00 an hour. In a follow-up study, more than 86 percent of small businesses indicated that they did not think they would be affected by an increase to $6.00 and that 64 percent of small businesses still would not be affected by a further increase to $7.25 an hour (Levin-Waldman 2000a, 2000b). Subse- quently, Arindrajit Dube, Suresh Naidu, and Michael Reich (2007, 522–23) found that San Francisco’s citywide minimum-wage law enacted as a ballot measure in 2003 did significantly raise the wages of those at affected restau- rants and compressed the wage distribution among restaurant workers, and that it increased the average wages of fast-food workers twice as much as those at sit-down restaurants. And yet, no increase in business closure or employment loss was detected.

#### Economcis = util?

The New Political Economy of the Minimum Wage raises the obvious ques- tion: why, despite some of these conceptual challenges, has the orthodoxy been so entrenched? If nothing else, neoclassical economics has succeeded in making efficiency the unquestioned objective of economic theory, largely because there is a parallel with utilitarianism in liberal thought. Utilitarianism assumes the greatest happiness will be achieved when the greatest number of people are happy, or in economic terms they are made better off. That is, they

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will only be happy when the greatest benefit occurs with the least amount of pain, which similarly translates to the least cost. Applied to the minimum wage, we all will be better off when the greatest number of people are employed, even if the wages they earn are too little to live on. Utilitarianism is closely associated with neoclassical economic analysis, as the utilitarian cal- culation of totaling costs and benefits is the same cost-benefit analysis used in economic policy analysis and business decisions. The link between utilitarian- ism and contemporary economics is efficiency (Budd 2004). The first reason the orthodoxy is so entrenched is our commitment to a particular definition of efficiency, one steeped in the utilitarian calculus of maximizing utility while minimizing costs.

#### Anti labor bias in economics

There are several other explanations for the neoclassical orthodoxy being so entrenched, and they are by no means unrelated to the efficiency claim. The second reason for the prevalence of this orthodoxy has to do with ideol- ogy and an antilabor bias built into economics models generally. Thomas Palley (1998, 19–21) suggests that the political dominance of business and the intellectual dominance of laissez-faire has meant that economic policy over the past twenty years has consistently favored business at the expense of labor. Because the economics profession produces what society takes for economic knowledge, it has assumed the role of determining society’s vision of how the economy works. Moreover, the economics profession has adopted an intellectual view that is implicitly antilabor and probusiness. Economic theory is often considered antilabor because the reigning economic model of competitive markets assumes unemployment to be caused by high and rigid wages. As labor market institutions like the minimum wage serve to raise wages, they, too, are presented as forces driving up unemployment (Palley 1998, 19–21). More generally, however, competitive market theory is antilabor because it treats labor as a commodity. Workers are simply inputs in the pro- duction process and as such have no personalities of their own. But this view also appears to have some grounding in the Progressive period. Consider for a moment Max Weber’s (1947, 330–35) understanding of bureaucracy as an efficient means for administration in both the public and private sectors. In the public sector it would enable the efficient administration of government through the impartial application of rules and procedures. Organizations based on division of labor, hierarchy of command, span of control, and cre- dentials as the basis for staffing would be able to dispassionately apply rules. The purpose of the organization, then, was not for workers to socialize, as that assumes individuality, but to strip workers of their individuality—their personalities—for the purpose of achieving greater efficiency. Therefore, as competitive labor market theory assumes a full employment economy, the minimum wage orthodoxy is not only a product of those assumptions, but it also nicely serves the interests of those who believe that all government interference—whether in the form of regulation, public programs, or other interventions—greatly undermines free market ideology and free choice.

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38 Levin-Waldman

Consider Milton Friedman’s (2002) argument that political freedom means the absence of coercion. By separating economic activity from political authority, the market has eliminated the source of coercive power. Government’s role is merely to do what the marketplace cannot: maintain, arbitrate, and enforce the rules of the game. When government intervenes, it limits freedom. The excuse over the last few decades for governmental intervention has been what Friedman calls “full employment” and “economic growth.” Contrary to enhancing employment, he contends, government interference only results in greater unemployment, thereby justifying even more interference, which in turn only limits further individual freedom. As Friedman sees it, the greatest achievement of capitalism lies not in the accumulation of property and wealth but in the opportunities it has afforded individuals to develop and improve themselves. If a minimum wage has the opposite effect of what was intended, which Friedman clearly believes that it does, poor people and otherwise low-skilled workers who are displaced from their jobs as a result will no longer be able to improve themselves. And in the name of helping those people who will be hurt the most, all that government will have achieved is precedent for further intervention and infringement of personal freedom and autonomy (Budd 2004). Moreover, the assault on autonomy is deemed to be even more egregious because it was in essence inefficient.

#### Rhetoric of “secondary earner” is bad

A third reason has to do with the composition of the minimum wage labor market itself. Because only a small fraction of the labor market actually earns the statutory minimum wage, the potential benefits are presumed to be so small that they could not possibly offset the more likely larger costs. These benefits are presumed to be smaller still because most minimum-wage earners are not the primary earners in their households, but secondary earners, by and large, are teenagers (Brown 1996; Burkhauser and Finegan 1989). So because these incomes are considered to be less consequential to the maintenance of their households, the potential benefits given the costs are considered to be even smaller. This, too, contributes to the sense that they are inefficient—they are unnecessary. And yet, this misses the fact that so-called secondary earners may in fact be necessary to the maintenance of the household. By describing them as “secondary earners,” the effect is to cast the minimum-wage popu- lation—what some would describe as a “target population”—as other, with the purpose being to delegitimize them.

The use of the term “secondary” effectively represents a negative social construction of the target population, and one very much based on a parti- cular societal ethos. Because they are unimportant, the minimum wage could not possibly be used as a positive policy tool. They are cast as being unworthy of wage increases on the grounds that such increases are not necessary to the maintenance of their families. This construction is very similar to the centu- ries-old distinction between the “worthy” and “unworthy” poor. Those who were poor through no fault of their own—widows, the disabled, the elderly, and orphans—were considered to be worthy and were to be treated with compassion and charity. The unworthy were those who were simply lazy and lacked “moral character,” and thus were to be treated harshly. The more poor people who can be characterized as unworthy, the less responsibility society has to care for their well-being. To a large extent, the appeal of the neoclassical model regarding the minimum wage may have as much to do with how the minimum-wage population is constructed. Similarly, if low- wage workers can be conceived of as unworthy of higher wages because of their attributes and perceived failings, society again then bears no responsi- bility for their low wages and is thus under no obligation to ensure that their wages rise above a certain level. The point is that it has been entrenched pre- cisely because it has served a particular ideological position. This in no way diminishes the importance of the efficiency consideration. Rather, neoclassi- cals have been able to rely on this type of empirical research to demonstrate how the minimum wage is simply inefficient. The neoclassical model, in short, assumes a minimum wage to be inefficient in part because it is not necessary. Obscured here, however, is the normative theory that social welfare is max- imized from an efficiency standpoint when as many teenagers as possible are employed at low wages, even if it is at a cost of their parents’ earning wages sufficient to support themselves and their families.

Of course, this misses the obvious reality that the minimum-wage labor market is considerably larger when constructed in terms of who earns the “effective” minimum wage—various wage ranges around the statutory mini- mum. If a larger number of people are affected by the issue, not only might there be a greater sense of political urgency, but the reigning understanding of efficiency may be called into question. Consider for a moment that when the minimum-wage population is conceived of in terms of wage contours— those earning around the minimum wage and not strictly speaking the statu- tory minimum wage population, but what might be considered an “effective” minimum wage—the percentage of those who could be said to be affected by the issue increases substantially (Levin-Waldman 2002, 2005).

#### A lot of people would be helped by a MW increase

The notion of an effective minimum wage population was given support by a Congressional Budget Office report in early 2014, which appeared to send conflicting signals. On one hand, a minimum wage increase to $10.10 an hour as proposed in President Obama’s State of the Union address would lead to a total reduction in employment of 500,000 jobs by 2016 once fully implemented. But on the other hand, the economy was still going to be better off. Citing the conventional economic analysis, employment would

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be reduced because an increase would force employers to pass some of the increased costs onto consumers, which in turn would lead consumers to pur- chase fewer goods and services. As companies would then produce fewer goods and services, they would hire fewer workers. But employment might have also been predicted to be lower because a higher wage would attract back into the labor market those who may have shunned work because the prior minimum wage was considered to be too low. Even though the CBO report does not come out and say it, it nonetheless alludes to a very important distinction, which is a difference between rising unemployment because of disemployment and lower total employment because fewer low-wage jobs will be created in the future. The CBO report seemed to be implying the latter.

Nevertheless, the CBO went on to say that at least 16.5 million Americans would see their incomes increase and that on the whole, a minimum-wage increase would be good for the economy and that it would potentially lead to some economic growth. This would be because some of the people earning slightly above the new minimum wage of $10.10 an hour would also receive pay increases. Moreover, a few higher-wage workers would owe their jobs and increased wages to the increased demand for goods and services that would result from a minimum-wage increase. Here the CBO was offering the standard macro-argument for increasing the minimum wage: more people earning higher wages have greater purchasing power, which enables them to demand more goods and services. In time, this might lead to job creation. Here the CBO concluded that the net effect of raising the minimum wage would most likely be a small decrease in budget deficits for several years to come, but a small increase thereafter.

Without going into contours, the CBO was suggesting that there are clearly ripple effects for those wages around the minimum wage. The sugges- tion of 16 million benefiting would be consistent with at least the first two to three contours of the distribution. The explanation would appear to be simple enough. Those earning just above the old minimum wage would have to get pay raises as well as those earning the minimum because those earning the new minimum are now approaching the wages of the next interval. The more people who received higher wages, the more demand for goods and services, which in turn would drive the economy (Congressional Budget Office 2014). But the real implication of the report appeared to be that those earning the statutory minimum wage were not nearly as important as those earning around the minimum wage.

#### Systemic effort fucks the poor, there’s a bias

Lastly, the orthodoxy may be so entrenched because it well serves a set of economic interests. The orthodoxy’s predicted unemployment consequences have conveniently found a home in conservative political circles. It was dur- ing the 1980s that the nature of the political debate over the minimum wage began to change, and it was also during this period that the orthodoxy really became entrenched around the Minimum Wage Study Commission report and the other studies. For pure market theorists and defenders of the standard model like Milton Friedman, the White House finally had an occupant, Presi- dent Reagan, who viewed government as the problem rather than the solution to the nation’s economic and social problems. Summing up the goals of econ- omic policy, George Stigler (1986, 93), from the same Chicago school of thought as Friedman, argued that “The supreme goal of the Western World is the development of the individual: the creation for the individual of a maximum area of personal freedom, and with this a corresponding area of

personal responsibility.” As noble as policies intended to provide a safety net or reduce income inequalities might be (which would also include the mini- mum wage), they were fundamentally at odds with the tenets of freedom. Consequently, the older institutionalist arguments emphasizing the role of government, to the extent they had been listened to at all during the 1970s, had lost their voice. But this period also marked a shift in policy where union- ism declined, the minimum wage was allowed to stagnate, and the National Labor Relations Board was stacked by those whose agenda it was to gut the National Labor Relations Act (Dannin 2006). In addition, an earlier tax code predicated on progressivism was replaced with one that favored capital and effectively redistributed wealth and income from the poor and middle class to the wealthy (Stiglitz 2012; Gilens 2012; Kelly 2009; McCarty, Poole, and Rosenthal 2008).

In recent years, however, there has been a growing literature that, con- trary to the conventional wisdom that rising income inequality is due to neu- tral economic mechanisms, contends it is actually a function of deliberate policy choices that (1) have favored business interests, and (2) have resulted in a decline of labor market institutions, like unions and the minimum wage, that have served to maintain the middle class by bolstering wages. At the same time, rising inequality has created a level of polarization that makes it a fore- gone conclusion that public officials will be more responsive to the interests of those at the top of the distribution than to those at the bottom. Various studies have found that when it comes to the minimum wage, members of Congress tend to be far more responsive to the wealthy than they are to the poor or even the middle class. Consider Joseph Stiglitz’s argument that with the collapse of good jobs during the last quarter century, there has also been a significant decline in wages that has been increasing the disparity between the top and the bottom. With the increased polarization of the labor market, more money has been going to the top while more of the people have been going to the bottom. Moreover, the American political system has increasingly been working in ways that increase inequality of outcomes while also reduc- ing equality of opportunity. This is because the American political system gives inordinate power to those at the top, and those at the top have used their power to shape the rules of the game in their favor, and to extract from the public as much as they can for themselves. Consequently, government policy not only failed to push back against the rising tide at the top of finance, corporate pay, and winner-take-all domains, but it consistently promoted it. The absence of a government response to rising inequality can be regarded as a form of policy when it takes the form of “drift”—the deliberate failure to adapt policies to the shifting realities of a dynamic economy (Stiglitz 2012; also Hacker and Pierson 2010).

#### More pol bias

Where polarization arising from the widening gap between the top and the bottom is apparently most pronounced is on the issue of the minimum wage. Intense opponents of the minimum wage have worked tirelessly and effectively to prevent it from being increased to prior levels or to be pegged to inflation. McCarty et al. (2008) note that minimum-wage laws have always

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engendered liberal support and conservative opposition. Historically, minimum-wage increases and expansive coverage generated a fair amount of bipartisan support. As polarization rose in the 1970s, bipartisanship disap- peared. As a consequence of increasing Republican opposition in a period of polarization, there has been a dramatic decline in the real value of the mini- mum wage. Moreover, as polarization increased through the last quarter of the twentieth century, the direction of public policy overall has been less in the direction of redistribution. Also analyzing the voting patterns on the mini- mum wage in the late 2000s, Bartels (2008) found that senators attached no weight at all to the views of constituents in the bottom end of the income dis- tribution. The views of those in the middle class only appeared to be slightly more influential. Rather, senators were more responsive to the opinions of affluent constituents than of the middle class. Republican senators were about twice as responsive as Democrats to the views of higher-income constituents. Democrats and Republicans were about equally responsive to the views of middle-income constituents. But there was no evidence of any responsive- ness to the views of constituents in the bottom third of the distribution. While senators were consistently responsive to the views of affluent constituents, they were entirely unresponsive to the views of low-income constituents. All of this, of course, would imply that a more equitable distribution could conceivably result in more responsiveness, because members of Congress would no longer have incentive to favor the affluent over the less affluent.

As late as the 1970s, it was predicted that union voting drives would trans- form the American electorate. But unionism did decline, and this decline was facilitated by public policy. Moreover, declining union representation in the workforce directly increased inequality (Hacker and Pierson 2010). Unions not only got their members out to vote at the polls, they also got their mem- bers out in the streets and in their communities. And yet, fewer union mem- bers meant that there would be fewer union voters motivated to get to the polls and vote for candidates favorable to organized labor and middle-class policy. Among the functions performed by unions was that they got their members out to vote. Moreover, the minimum wage tended to be increased when there was a strong constituency behind it, and that constituency was organized labor. With the decline of unions, that constituency effectively disappeared (Levin-Waldman 2001).

In comparing France to the United States, Piketty (2014) observes that the minimum wage in France did play a role in reducing wage inequality in the post–World War II years, while wage inequality in the United States rose as the minimum wage was in decline. In France a national minimum wage was created in 1950 but was seldom increased thereafter and only fell further behind the average wage. But in 1970, the minimum wage was officially indexed to the mean wage. Moreover, governments from 1968 to 1983 felt obligated to increase the minimum wage significantly almost every year in a seething social and political climate. Between 1968 and 1983 the purchasing power of the minimum wage also increased by more than 130 percent, while the mean wage increased by only 50 percent. The result was a significant com- pression of wage inequality. In the United States, however, a subclass of “supermanagers” emerged. Inequality had reached its lowest ebb between 1950 and 1980, whereby the top decile of the income distribution claimed 30–35 percent of the nation’s income. After 1980, however, income inequality exploded, with top decile share of the national income rising to 45–-50 per- cent in the 2000s. The causes of rising income inequality in the United States are largely due to the unprecedented increase in wage inequality, and especially the extremely high compensation of managers at the top of the dis- tribution (Piketty 2014). But had wage rates also been rising for those at the bottom of the distribution and in the middle, the gap between the top and the bottom would have been less, and had the wages of those at the bottom increased because the minimum wage was increasing, inequality would certainly be less because of the minimum wage’s contour effects, which clearly demonstrate that above all else, it is a middle-class issue.

At the end of the day, the minimum wage orthodoxy predicated on competi- tive market theory reigns supreme because it politically serves wealthy inter- ests to whom policymakers are more responsive because they also happen to be in the top 1 percent of the income distribution. It would appear that minimum-wage policy, along with other social policies, has fallen victim to the polarization of the United States that is intimately tied to the growth in income inequality. On the one hand, we cannot raise the minimum wage because legislative bodies’ greater response to the wealthy is a consequence of growing income inequality. But on the other hand, a higher minimum wage that helps the middle class through its ripple effects will reduce the gap between the top and the bottom.

As noted, Harold Lasswell (1936) long ago observed that politics can defined as who gets what, when, and how. In a political system where resources are to be distributed, it is a question of which groups get something, how much they get, and under what set of circumstances they get it. Ulti- mately, it is the question of how they get it that speaks to the question of power distribution among various groups in society and how that power is wielded to each group’s advantage. But there would also appear to be a con- verse—that for every group that derives benefit, there is another group that bears a cost. This would certainly appear to be true of the minimum wage. The minimum wage is not a matter of some small group of teenagers who will lose their jobs for the benefit of a small percentage of poor people who are not really poor as the orthodoxy suggests. It is a reference point for a much more substantial low-wage labor market that would derive immediate benefit. Moreover, because there are likely wage contour effects, the minimum wage is really about the middle class. But a higher-wage society would appear not to be in the interests of the very wealthy to whom legislative bodies—the only ones that can raise the minimum wage—are responsive to. And yet, because the orthodoxy presents the issue in terms of adverse employment conse- quences and inefficiency, it takes on the appearance of serving the public interest when its real function is to obscure the selfish interests of those at the very top of the income distribution.

### Cleansing Effect

Zhang 14 [Florian Mayneris (Universit ́e catholique de Louvain, IRES), Sandra Poncet (Paris School of Economics (University of Paris 1)) and Tao Zhang (Shanghai University of International Business and Economics). The cleansing effect of minimum wages Minimum wages, firm dynamics and aggregate productivity in China. CEPII Working Paper. No 2014-16 – September] AJ

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#### My ev is so fucking good

Zhang 14 [Florian Mayneris (Universit ́e catholique de Louvain, IRES), Sandra Poncet (Paris School of Economics (University of Paris 1)) and Tao Zhang (Shanghai University of International Business and Economics). The cleansing effect of minimum wages Minimum wages, firm dynamics and aggregate productivity in China. CEPII Working Paper. No 2014-16 – September] AJ

In this paper we use balance-sheet data from over 160,000 industrial firms to analyze both the firm- and aggregate-level effects of higher minimum wages in China, where the minimum wage is set at the city-level. Our empirical strategy exploits the 2004 reform of minimum wages that imposed large but heterogeneous increases in minimum wages across Chinese cities. We combine a triple-difference approach with instrumental-variable techniques. We show that the 2004 reform was binding: the share of Chinese firms complying with the local minimum wage or paying wages just above the minimum level drastically increased after the reform, while no such trend was found pre-2004. Moreover, we find that higher minimum wages reduced the survival probability of local firms between 2003 and 2005. However, in the surviving firms wages rose without any effect on employment. The main explanation for this finding is that firms improved significantly their productivity following the cost shock, allowing them to absorb the shock without affecting employment or profitability. We show that these results are not consistent with competing explanations. In particular, we do not detect any substitution of less-paid/less protected migrants for incumbent workers. At the aggregate level (our data covering 70% and 90% of overall industrial employment and production respectively), our results suggest that the overall effect of firm-level adjustments in city-level industrial employment is zero, with entries canceling out exits. Moreover, higher minimum wages increase aggregate productivity growth thanks to productivity improvements among incumbent firms and the net entry of more productive firms. Hence, in a fast- growing economy like China there is a cleansing effect of labor market standards. Minimum wage growth allows more productive firms to replace the least productive firms, and forces incumbent firms to become more competitive. These two mechanisms boost the economy’s aggregate efficiency. The effects we measure are economically large. Minimum wage growth between 2003 and 2005 explains on average 20% of firm- and city-level productivity gains in China over the period under consideration.

#### China ev is key

China is a relevant case to analyze for a number of reasons. First, China, the fastest- growing economy over the past fifteen years, has become a key player in the global economy; as such, understanding the determinants of its competitiveness and industrial dynamics is of interest for both developed and developing countries. Moreover, China is a showcase in terms of low wages: in 2004, average monthly wages in manufacturing were 141 Dollars in China, versus 342 Dollars in Mexico and over 2,500 Dollars in the US.2

Second, as shown in Figures 1 and 2 in the Appendix, there is considerable variation in both the level and growth-rate of the minimum wage in the 261 Chinese cities in our final sample.3 In 2003, the minimum wage ranged from 170 Yuan (20 Dollars) in Eerduosi and Hulunbeier (Inner Mongolia) to 600 Yuan (72 Dollars) in Shenzhen; on the other hand, between 2003 and 2005, it rose by up to 147% (also in Eerduosi and Hulunbeier), while re-maining constant in some other cities which in 2003 already satisfied the new wage standards introduced in the 2004 reform.

Third, the 2004 reform is of interest as it followed a top-down logic. The express aim of this reform was to increase workers’ wages and bring about convergence between localities in terms of the minimum wage: after 2004, city-level minimum wages had to fall within a range of 40-60% of the local average wage. This rule imposed unprecedented rises in the minimum wage, in particular in localities where they were initially the lowest. Chinese minimum wages consequently increased drastically over a short period of time (the average annual growth rate of city-level minimum wages was 14% between 2004 and 2007, versus 7% between 2000 and 2003), while the dispersion of minimum wages across localities narrowed significantly (the coefficient of variation of city-level minimum wages fell by 25% between 2003 and 2007). We exploit this quasi-natural experimental feature of the reform to carry out IV estimations of the firm- and aggregate-level effects of minimum wages.

#### Only study to draw a connection to efficiency

Third, we provide an in-depth analysis of the effect of minimum wages on the various margins of city-level productivity growth. To the best of our knowledge, this is the first paper to investigate how firm-level adjustments to minimum wages help shape aggregate outcomes. By doing so, we contribute to the analysis of the determinants of aggregate efficiency in developing countries. Both firm-level inefficiency and the misallocation of resources across firms have been proposed as explanations of the lower aggregate TFP in developing countries (Hsieh and Klenow, 2009). Regarding the first channel, a number of recent papers have shown that there is a fixed cost of adopting better practices/technologies (Bloom et al., 2013; Duflo et al., 2011).8 With respect to the second channel, Khandelwal et al. (2013) argue that institutions might play a role in this (mis)allocation of resources.9 We here argue that labor standards might also determine resource allocation and aggregate efficiency. Ineed, the lower the wages, the smaller the absolute difference in per-unit marginal cost resulting from “high” and “low” production/management technologies. In some developing countries, low wages might thus provide incumbent firms with only little incentive to adopt more efficient, but also more costly, technologies or management practices; they may also allow some inefficient firms to survive. Along these lines, we show that increasing minimum wages in a fast-growing economy like China improves aggregate efficiency due to higher productivity among surviving firms and the net entry of more productive firms. However, higher minimum wages do not seem to favor the reallocation of market shares towards initially more productive incumbent firms.

#### Wage increases are a catalyst for increased productivity and growth – this means no unemployment since productivity gains offset labor costs

Zhang 14 [Florian Mayneris (Universit ́e catholique de Louvain, IRES), Sandra Poncet (Paris School of Economics (University of Paris 1)) and Tao Zhang (Shanghai University of International Business and Economics). The cleansing effect of minimum wages Minimum wages, firm dynamics and aggregate productivity in China. CEPII Working Paper. No 2014-16 – September] AJ

The results in Table 3 suggest that higher real minimum wages are detrimental to firm survival. In column (1), bigger and more productive firms, and foreign and exporting firms, are more likely to survive. Moreover, controlling for firm-level initial characteristics, the sur-vival probability of non-exposed firms is higher in cities where the minimum wage rose faster: these OLS results are thus consistent with the local authorities being more likely to raise the minimum wage in cities with more favorable local economic conditions. On the contrary, exposed firms suffer from higher minimum wages: a 10% higher minimum wage reduces their survival probability by 1.4 percentage points as compared to non-exposed firms. Introducing city-sector fixed effects in column (2) does not affect this result, while instrumenting mini- mum wage growth in column (3) makes the negative coefficient for exposed firms stronger; this confirms that minimum-wage rises were larger in cities where low-wage firms benefited from better shocks. Excluding peripheral regions does not change these results. In our preferred specification, with city-sector fixed effects and IV estimation (column 3), a 10% minimum-wage rise between 2003 and 2005 reduces the probability of exposed- firm survival by 2.1 percentage points. This effect is economically large, as the average differential in the survival rate of exposed and non-exposed firms is only 12 percentage points (see Table A-1), the elasticity of this differential to real minimum wage growth is thus -1.75.26 The following tables focus on surviving firms. The results in Table 4 show that minimum- wage increases lead to higher average wages in surviving firms. Theoretically, firms paying their employees no more than the minimum wage should increase employee wages by the exact same rate at which the local minimum wage increases. We would then expect an elasticity of one. The expected elasticity would, by way of contrast, be less than one for firms which in 2003 paid average wages between the 2003 local minimum wage and that imposed in 2005. The results in Table 4 are consistent with this latter scenario. The coefficient in our preferred specification is 0.36, suggesting that 10% higher local minimum wages lead to a 3.6% rise in the average wage paid by exposed firms. As such, the 2004 reform succeeded in significantly increasing wages for workers in low-wage firms. This is a further proof that the 2004 reform was binding and put wage pressure on low-wage firms. We then investigate in Table 5 the possible repercussions of this non-negligible cost shock on the number of employees in surviving firms. The results in column (1) show that employment growth in non-exposed firms was significantly higher in cities with greater rises in the minimum wage: this again confirms that local authorities are less reluctant to increase minimum wages in cities facing better economic conditions. Regarding exposed firms, the results are similar across the different columns. We find no significant job losses in the exposed firms that remain active: the employment growth of surviving exposed firms is not significantly different from the employment growth of surviving non-exposed firms. Exposed firms do not then adjust to higher minimum wages by hiring less or firing more workers than do other firms. Our results confirm, in the context of a developing country, the conclusions of a number of papers showing no negative employment effects of minimum wages in developed countries. The results in Table 6 help us to understand the apparent paradox that higher minimum wages bring about significantly higher per employee labor costs but do not harm employment in surviving firms. We estimate Equation (1) using the log of average output per employee as the outcome variable. As in the previous results, the various tests at the foot of the table suggest that the IV procedure is valid and do not reject the null hypothesis that our instruments are appropriate and not weak. The results in Table 6 show that higher real minimum wages are associated with significant productivity gains for exposed firms. In our preferred specification in column (3), a 1% rise in the minimum wage leads to 0.38% higher productivity. Interestingly, this elasticity is very close to that of firm-level average wages to real minimum wage growth (which was 0.36). For surviving firms, the cost shock brought about by higher minimum wages seems to be exactly compensated by greater efficiency.

#### Continues:

We examine in Table A-4 in the Appendix the repercussions of the 2004 minimum- wage reform on other firm-level outcomes. Results for firm-level total factor productivity calculated following the procedure proposed by Levinsohn and Petrin (2003) confirm the above findings that firms exposed to higher minimum wages react with greater productivity. Moreover, we have shown that labor-productivity gains fully match the higher wage costs resulting from real minimum-wage growth. It consequently comes as no surprise that firm profitability is not affected by higher minimum wages. Finally, real minimum-wage growth leads to higher output for exposed firms, consistent with higher minimum wages generating labor productivity gains without reducing employment amongst surviving firms. Note that this result would certainly not hold in slow-growing economies. In fast-growing economies like China, the additional output from exposed firms via efficiency gains is easily absorbed due to the growth in domestic and foreign demand.

#### Results are robust

Our results are robust to a number of robustness checks. In particular, in spite of the introduction of city-sector fixed effects and our use of an IV strategy, we may still worry that our results are partly explained by particular shocks affecting low-wage firms. These shocks might be directly reflected in city-level GDP changes, or could be correlated with labor-force skill composition. In Table A-5 in the Appendix, we thus add GDP growth and the share of low-skilled workers in the total number of manufacturing workers in the city (measured in 2004, as information on the number of skilled and unskilled workers is only available in the National Business Surveys for that year), both interacted with the exposure dummy.30 The results barely change from a qualitative point of view.

In Table A-6 in the Appendix we also check that our results are robust to the introduction of polynomials in the firm-level average wage (up to order 5). This test is inspired by a standard practice in regression-discontinuity design frameworks (Lee and Lemieux, 2010) to ensure that the coefficient on the treatment variable does not simply capture some non-linear relationship between the dependent variable and the variable used to define the treatment. The results remain qualitatively unchanged for all of the outcome variables bar the growth rate of firm-level average wages, for which the effect of minimum wage remains positive but is now insignificant. However, the specification is very demanding in that case. Overall, the results of this table confirm that the coefficient on the interaction between the exposed dummy and real minimum-wage growth captures a real gap in performance growth between exposed and non-exposed firms.

Finally, in unreported regressions, we verified that our results hold when introducing the lag of the dependent variable as a regressor, to control further for specific trends in performance growth at the firm-level.

#### A2 Alt cause – migrant workers

In particular, firms might substitute migrants for local workers in order to absorb the cost shock from higher minimum wages. It is well-known that migrant workers, who are often illegal in the cities where they live, tend to work more hours, are paid less in terms of hourly wages, and are less covered by welfare and fringe benefits (see Du and Pan, 2009 for example). As migrants are overall “cheaper” than local workers, firms can absorb the cost shock by hiring more of them. If firms do not declare their (potentially illegal) migrant workers in the National Business Surveys, due to the substitution effect, we should observe a negative effect of minimum wage growth on firm-level employment, which is inconsistent with what we find. On the opposite, if firms do declare migrants in the National Business Surveys, employment in exposed firms does not change relative to other firms, while the composition of employment does. As migrants work more hours than do local workers, total hours in exposed firms should rise as compared to non-exposed firms, which explains the increase in labor productivity and output that we find.

We test for this second possibility by looking at the effect of minimum wage growth on the fringe benefits (or welfare pay) that firms provide to their employees. With migrants benefiting less from fringe benefits, the substitution of migrants for local workers post-2004 would lead to a relative fall in the share of welfare pay in total pay in exposed firms. Results presented in Table A-7 in the Appendix show that this is absolutely not the case.

#### A2 hours cuts/benefits

Another concern relates to the number of hours worked by employees in exposed firms. To absorb the cost shock of the 2004 reform, firms, and especially those that were the most exposed to the minimum wage hike, might ask both their local and migrant workers to increase their work hours. As we observe the number of employees, but not hours worked, the lack of employment effects and the rise in productivity post-2004 could reflect longer work hours in exposed firms. We cannot directly test for this mechanism. However, Du and Pan (2009) show that work hours fell between 2001 and 2005 in China for both migrants and resident workers. In spite of falling work hours, firm-level output per worker rose by an average of 23% over the 2003-2005 period in our data (46% for exposed firms, and 20% for non-exposed firms, in both cases much faster than inflation). This could not have come about without better firm-level organization or rising worker efficiency. In this context the “number of hours” mechanism seems implausible.

#### Creative destruction

Zhang 14 [Florian Mayneris (Universit ́e catholique de Louvain, IRES), Sandra Poncet (Paris School of Economics (University of Paris 1)) and Tao Zhang (Shanghai University of International Business and Economics). The cleansing effect of minimum wages Minimum wages, firm dynamics and aggregate productivity in China. CEPII Working Paper. No 2014-16 – September] AJ

The results in column (4) confirm the absence of any employment effect among surviving firms at the firm-level in Table 5. Although only significant at the 10% level, the results in columns (3) and (5) suggest that higher minimum wages are associated with more job destruction, consistent with the negative effect on firm survival, but also more job creation. The point estimates on minimum-wage growth for job creation and destruction turn out to be very similar, at 0.6 and 0.7 respectively. Overall, these results explain why minimum wages do not reduce aggregate employment. All else equal, higher minimum wages lead to creative destruction within cities, so that their overall effect on employment is zero. However, note that the absence of a city-level employment effect of minimum wage growth should be taken with caution. The business surveys we use cover 70% of industrial workers: if the industrial firms that do not appear in the surveys and service firms react differently to real minimum-wage growth, then our conclusions may change.32

#### Productivity increase + no unempl

The results in column 1 suggest that a 1% difference in minimum-wage growth leads to a 0.36% gap in productivity. As shown in columns (3) and (5), aggregate productivity growth mainly comes from two channels: higher within-firm efficiency among survivors and net entry. The first channel is consistent with the firm-level results. The latter is suggestive of a cleansing effect of minimum wage: the cost shock from higher real minimum wages forces less-productive firms to exit and new entrants to be more productive than average. However, minimum-wage growth does not seem to affect the allocation of employment across incumbent firms: neither the between nor the covariance terms are significantly related to city-level real minimum-wage growth.

Again, the effects we measure are economically large. The elasticity of aggregate produc- tivity to minimum wage growth being equal to 0.356, the average 2003-2005 rise in minimum wages of 21.9% produced a 7.8 percentage point increase in aggregate productivity. City- level labor productivity rose by an average of 35% over the period, so that the contribution of minimum wages to aggregate productivity growth is 22.2%. Of the four different log additive margins in Equation 2, the decomposition analysis in Table 8 shows that both the within and the net entry margins contribute positively and significantly to the effect of minimum wages on productivity growth. The other two (between and covariance) exhibit negative but insignificant correlations. The overall positive effect of minimum wages on productivity then comes entirely from the within and net-entry terms. As the elasticity of the latter is 50% larger than that of the former (0.299 versus 0.218), their respective contributions to the effect of minimum wage on aggregate productivity growth are 40% and 60%.

#### Concl

This paper has shown that higher minimum wages might be one way for developing countries to increase the wages of low-paid workers without necessarily harming their economy. We consider the shock of the 2004 minimum-wage reform in China to evaluate the repercussions of minimum-wage growth on firm survival, employment, productivity and profitability. We identify the causal effect of minimum wage growth via a triple-difference estimator combined with an IV strategy based on the institutional features of the 2004 reform. We find that, at the firm-level, firm survival fell, wages rose and labor productivity significantly increased, allowing surviving firms to maintain their employment and profits. Moreover, we show that higher minimum wages boosted city-level aggregate productivity via efficiency improvements among incumbent firms and the net entry of more productive firms. Hence, in a fast-growing economy like China where there is considerable inefficiency, minimum wages might have a cleansing effect and represent one way of boosting aggregate productivity.

### Offense - Konczal 14

Konczal 14 [Mike Konczal (Mike Konczal is a fellow at the Roosevelt Institute. His work has appeared in The Nation, Slate, and The American Prospect). “7 Bipartisan Reasons to Raise the Minimum Wage.” Boston Review. March 3, 2014] AJ

#### Gender equality

Konczal 14 [Mike Konczal (Mike Konczal is a fellow at the Roosevelt Institute. His work has appeared in The Nation, Slate, and The American Prospect). “7 Bipartisan Reasons to Raise the Minimum Wage.” Boston Review. March 3, 2014] AJ

The minimum wage affects women disproportionally, especially women of color. According to the Center for American Progress, more than 64 percent of those earning the minimum wage or less are women. African American and Latina women are 15.8 and 16.5 percent of female minimum wage earners, respectively, though only about 12.5 percent of employed workers. Women are increasingly breadwinners or co-breadwinners in many households, and a higher minimum wage will allow for a family of three to be raised out of poverty on one full-time salary. Almost 80 percent of minimum wage earners are more than twenty years old. According to researchers at the Economic Policy Institute, the average worker affected by a $10.10 minimum wage hike would be thirty-five years old, with more than half working full-time. Twenty-eight percent of these workers have children. So this is not just a matter for teenagers without dependents. It is important to understand how the service industry evolved from of a traditional vision of women’s role in the economy. The historian Bethany Moreton has argued that the emergence of Wal-Mart’s low-wage workforce can be seen as an extension of women’s perceived duty to care and serve. Without institutional mechanisms to ensure that service jobs and care work are compensated at breadwinner salaries, women’s wages will remain low. This obstacle to gender equality will certainly worsen given that these same sectors are projected to generate the most jobs in the future, which will drive down wages for those employed in them. An increase in the minimum wage would buttress pay in these sectors enough to provide for single people and for families.

#### Minimum wage solves poverty – real world experience and academic consensus

Konczal 14 [Mike Konczal (Mike Konczal is a fellow at the Roosevelt Institute. His work has appeared in The Nation, Slate, and The American Prospect). “7 Bipartisan Reasons to Raise the Minimum Wage.” Boston Review. March 3, 2014] AJ

Some minimum wage advocates don’t care much about income inequality per se. Instead, they are focused on alleviating poverty. Poverty has significant consequences for human flourishing, with especially pronounced effects on children. A major mistake of the War on Poverty was its assumption that the economy would be capable of employing all people at generous wages as long as they had the right skills and as long as discriminatory obstacles were surmounted. Thus job training was a priority. However, during the ’70s, ’80s, and 2000s, wages at the bottom part of the income distribution fell, especially for men, even as the low-wage workforce became more educated. Education and technological advances alone could not solve poverty. Recent research strongly indicates that raising the minimum wage reduces poverty. Dube finds that a 10 percent hike in the minimum wage would reduce the number of people living in poverty by a modest but significant 2.4 percent. It also shrinks the poverty gap—how far people are below the poverty line—by 3.2 percent. And it reduces the poverty-squared gap, a measure of extreme poverty, by 9.6 percent. So it provides meaningful benefits for the poorest individuals. Larger increases would offer even more impressive gains. Raising the minimum wage to $10.10 would lift 4.6 million people out of poverty. It would also boost the incomes of those at the 10th percentile of the income distribution by $1,700 annually. That is a significant benefit for workers who have seen declining wages during the past forty years. In a review of the literature since the 1990s, Dube finds fifty-four estimates of the relationship between poverty and the minimum wage. Forty-eight of them show that a minimum wage reduces poverty. This reflects a remarkable consensus among economists. The effect of an increased minimum wage on poverty is real, and it would be positive.

#### Perm do both – the programs complement each other. Absent a wage floor, employers capture benefits and EITC is misallocated

Konczal 14 [Mike Konczal (Mike Konczal is a fellow at the Roosevelt Institute. His work has appeared in The Nation, Slate, and The American Prospect). “7 Bipartisan Reasons to Raise the Minimum Wage.” Boston Review. March 3, 2014] AJ

Many policy analysts point out that if our sole concern is to reduce poverty, we can just give poor people money. Economists consider the minimum wage a blunt tool for fighting poverty, as its effects spread over broad populations, failing to isolate the poorest. And the government has other successful tools to narrowly target poverty, most notably the Earned Income Tax Credit (EITC). These are fair points. But the minimum wage is still an excellent and necessary weapon against poverty. Where other policy tools can’t reach, the minimum wage can. As it is currently structured, the EITC does little to boost the income of those without children. Also, since one must be working in order to qualify for the EITC, the credit encourages growth of the labor supply and thus is likely to drag wages down for those who don’t qualify, allowing employers to capture part of the EITC’s benefits. According to government estimates, at least 20 percent of EITC payments are improperly paid. Some recipients claim too much by accident or by fraud; others don’t get the full value they were entitled to because the claims process can be confusing. And yearly payments are not that effective for poor people barely making it month to month. A higher minimum wage doesn’t have any of these problems. It is practically self-enforcing. People who need it will get it, and it won’t require a massive tax-code bureaucracy to enforce. The income is given to people throughout the year, in each paycheck, rather than in a lump sum. One needn’t have children in order to benefit fully. To the extent that the EITC is captured by employers, a higher minimum wage will balance that out. There is no potential for fraud. And while the EITC costs the government money, which must come from other programs or new taxes, the minimum wage comes at no additional cost to taxpayers, except when it is applied to government employees (which is rare, since government jobs usually pay more than the minimum wage). Once you consider how the EITC is implemented, the minimum wage makes perfect sense as a complement.

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#### Solves college student loan debt

First, it would help balance the huge uptick in the cost of higher education. Members of both parties worry that the government’s role in trying to increase college attainment has led to dramatic increases in college costs, as well as a predatory for-profit sector that lives off government funds in the form of student loans. Many marginal students are dropping out of higher education, leaving them with student loan debts and no degree. Meanwhile the job market continues to produce jobs that do not need to be filled by highly educated workers. Raising the minimum wage would make these jobs more desirable and give young people uninterested in higher education an alternate path to a decent living.

#### Solves welfare costs

Second, it decreases the cost of welfare. One of the central goals of conservative policy in the past thirty years has been to reduce government spending on welfare by getting people into jobs. However, if wages are too low, workers still need government income support such as food stamps or tax credits. Because these income supports are phased out as people earn more, the programs function like a tax, discouraging lower-wage workers from taking jobs or from working as many hours as they otherwise might. The minimum wage, by contrast, provides income support but without the discouraging effects of welfare.

#### Immigration solvency

Conservatives’ third reason to support a minimum wage increase has to do with undocumented workers and immigration. A higher minimum would make low-wage jobs more desirable to Americans, and in turn employers would rely less on undocumented workers. The current bipartisan consensus involves a massive policing, detention, and deportation apparatus designed to deal with undocumented workers, with President Obama presiding over the greatest number of deportations in any two-year period in U.S. history. Under President Bush, local police were tasked with enforcing federal immigration laws, blurring the distinction between criminal and civil enforcement of immigration law. This has produced a human rights disaster that could be mitigated by a higher minimum wage, which would help Americans get back into the vacancy pool currently being filled by undocumented workers. We would have less contention over immigration if Americans felt that the jobs undocumented workers take were jobs worth filling themselves.

#### Freedom as non domination offense

When low-wage workers protest at fast food restaurants, low wages are not necessarily their sole concern. The working conditions may be equally important. Between a lack of sick days, random shift scheduling, and working without pay, there is a host of problems and humiliations from which workers seek redress.

Civic republicanism presses against these practices. Philip Pettit,

the philosopher most associated with this strain of thinking, defines its goal in terms of “freedom as non-domination,” freedom “as a condition under which a person is more or less immune to interference on an arbitrary basis.” In what sense can people be considered free if their means of survival places them at the mercy of an erratic schedule, thereby preventing the formation of civic and communal ties? Surveys of New York City’s low-wage workers find that 84 percent of them are not paid for their entire workday. When bosses can flout labor contracts and arbitrarily impose working conditions in this way, workers lack the kind of freedom that civic republicans celebrate.

By making the labor market tighter through lower turnover and vacancies, a higher minimum wage creates bargaining power for workers and will help to eliminate these kinds of domination.

#### God Aff offense

Catholic doctrine provides a religious case for a minimum wage, which is all about balancing the needs of the family with those of the marketplace. As Pope John XXIII argued in a 1961 encyclical, the wage of the poor “is not something that can be left to the laws of the marketplace,” as “workers must be paid a wage which allows them to live a truly human life and to fulfill their family obligations in a worthy manner.” In the words of Pope John Paul II, “A just wage is the concrete means of verifying the whole socioeconomic system.”

The Catholic argument for a higher, or “just,” minimum wage has a long history. In 1891 Pope Leo wrote that there must be “proper concern for the worker so that from what he contributes to the common good he may receive what will enable him, housed, clothed, and secure, to live his life without hardship.”

As the writer Elizabeth Stoker explains, the Catholic Church particularly fights against the idea that

someone should do honest, hard work but still not have enough money to support their family. Work should be done in the service of supporting a family, so therefore when work is done and yet still families are unsupported, the whole ordering of human priorities is thrown awry, and the intrinsic good of the family is threatened.

### Offense - Maloney 13

Maloney 13 [Tim Maloney (Auckland University of Technology), Amanda Gilbertson (Research, Investigations and Monitoring Unit, Auckland Council). “A Literature Review on the Effects of Living Wage Policies.” Auckland Council Technical report, TR2013/034. August 2013] AJ

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#### LW Def in practice

Maloney 13 [Tim Maloney (Auckland University of Technology), Amanda Gilbertson (Research, Investigations and Monitoring Unit, Auckland Council). “A Literature Review on the Effects of Living Wage Policies.” Auckland Council Technical report, TR2013/034. August 2013] AJ

The living wage is often defined as the wage necessary to provide a full-time, year-round worker and his or her family with the sufficient income to ensure an adequate standard of living and the ability to fully participate in society.

#### Continues:

There are a number of common features of living wage laws around the world. Firstly, they have limited coverage. Unlike minimum wage laws that provide a universal wage floor, living wage ordinances cover specific groups of workers often within narrow geographic boundaries. Secondly, they set relatively high wage floors, often 30% or more above the national minimum wage. Thirdly, they are motivated by an explicit attempt to reduce poverty rates by setting a wage consistent with a minimum standard of living. Not all living wage laws are the same. They vary primarily in terms of worker coverage. For example, the vast majority of living wage ordinances in the U.S. cover only city government contractors, or both contractors and employers receiving some form of business assistance. Very few cities have living wage provisions that cover their own employees, and attempts to extend living wage laws to all workers within a metropolitan area have thus far been unsuccessful. This is an important consideration in understanding how the overseas empirical evidence on living wage effects might be applicable in New Zealand. The London Living Wage, that contains the same voluntary elements of some New Zealand proposals, has not been subject to the same level of analysis as the U.S. laws.

#### LW Def in principle

#### LW Def with both?

The living wage is often defined as the wage necessary to provide a full-time, year-round worker and his or her family with sufficient income to ensure an adequate standard of living and the ability to fully participate in society. Living wages are based on costs of living in specific localities and therefore differ from place to place due to differences in the local costs of food, accommodation and other living expenses. The living wage generally falls between the minimum wage and the median wage in the areas in which it has been introduced.

Living wage laws have three common features. Firstly, they impose or promote a wage floor for specific groups of workers often in particular geographic areas (i.e., narrow coverage). Secondly, they set a wage substantially above existing statutory minimum wages (i.e., high relative values). Thirdly, living wages aim to lift workers and their families out of poverty (i.e., antipoverty rationale). More than 140 jurisdictions in the United States have adopted living wage ordinances since 1994. These living wage campaigns have spread to the United Kingdom, Canada, Australia, New Zealand and other countries. Most noteworthy, was the adoption of a living wage provision in London in 2001 following the introduction of a lower National Minimum Wage in the United Kingdom in 1999.

#### Net econ effect is good

Maloney 13 [Tim Maloney (Auckland University of Technology), Amanda Gilbertson (Research, Investigations and Monitoring Unit, Auckland Council). “A Literature Review on the Effects of Living Wage Policies.” Auckland Council Technical report, TR2013/034. August 2013] AJ

There is considerable evidence in the overseas literature that implementing a living wage directly increases the actual wages of targeted workers. Generally, only between 1% and 3% of workers in a city are covered by the living wage, and in some cities (especially London) this coverage rate can be much lower. There are numerous reasons why these higher wages have even relatively smaller impacts on employer costs. Paying a living wage can increase productivity, reduce worker turnover and absenteeism, and improve the quality of future job applicants. The net result is that the cost increases among living wage employers can be as low as 1% to 2% of total production costs. Furthermore, some evidence suggests that even these small cost increases can be absorbed through lower employer profits and higher product prices passed on to customers.

#### Consistent trend of negative employment effect, but it’s overstated

The key potential disadvantages of a living wage are that it could reduce either the employment levels or hours of work for affected employees. The empirical evidence on these effects is quite limited. However, one line of research in the U.S. by Neumark, Adams and co-authors has reported consistent evidence of small negative employment effects among low-wage workers in cities with business-assistance living wage laws. Similar results in cities with contractor-only living wage laws are negative, but smaller in magnitude and often statistically insignificant. Other studies have contested these findings on negative employment effects by citing recent evidence from the minimum wage literature. However, no published studies have thus far offered any direct empirical evidence to contradict this result of a small, negative employment effect from these broader living wage policies. Although there is no quantitative evidence on the potential losses in employment or hours of work from the London Living Wage, case studies suggest the possible loss in hours of work or employment for some affected workers.

#### Consistent poverty reduction trend

Maloney 13 [Tim Maloney (Auckland University of Technology), Amanda Gilbertson (Research, Investigations and Monitoring Unit, Auckland Council). “A Literature Review on the Effects of Living Wage Policies.” Auckland Council Technical report, TR2013/034. August 2013] AJ

One of the most surprising results from the U.S. literature is that there is evidence that living wage laws have the intended effects in reducing poverty rates. This finding has often been ignored in surveys of this U.S. literature, and is striking because it runs counter to the consensus in the minimum wage literature of extremely small if any associated anti-poverty effects. Neumark and Adams found fairly consistent evidence that employer-assistance living wage policies lead to small reductions in overall city poverty rates. Clain (2008) using an entirely different data source confirmed this general result, by finding that county-level poverty rates declined “modestly” with the introduction of a living wage ordinance in the area.

#### Studies observe modest effects because the affected group is so small

Maloney 13 [Tim Maloney (Auckland University of Technology), Amanda Gilbertson (Research, Investigations and Monitoring Unit, Auckland Council). “A Literature Review on the Effects of Living Wage Policies.” Auckland Council Technical report, TR2013/034. August 2013] AJ

What do these literature results mean for the possible adoption of a living wage provision in Auckland or elsewhere in New Zealand? Holzer (2008) reviewed the existing U.S. living wage literature at the time and concluded that the effects of living wage policies (either positive or negative) were likely at best to be “modest”. This same general conclusion holds with the updated literature. This is partly because such policies directly affect small proportions of the prevailing workforce. This doesn’t mean that such laws shouldn’t be enacted. Even small positive benefits for specific groups of low-wage workers and their families may be better than nothing.

#### Effects on minorities?

Finally, it would also be useful to understand the likely effects of living wage policies on specific groups such as women, Māori and Pacific Peoples among whom low wage work is particularly prevalent. This evidence is not available because the living wage has not been implemented in New Zealand, but one can assume that women, Māori and Pacific Peoples will receive a disproportionate share of any impacts from a living wage policy due to their overrepresentation among low-wage earners (e.g., labour substitution effects). The international literature on the living wage shows that new hires (following the implementation of a living wage policy) are better educated, had higher wages in previous jobs, and are more likely to be male (Fairris and Bujanda, 2007; Reich et al., 2005). In terms of the implications for ethnic minorities, whereas Wills and Linneker’s (2012) research in the UK found that new hires were more likely to be native-born, Fairris and Bujanda (2007) found that living wage workers in Los Angeles were more likely to be Latino and African American. Literature in New Zealand suggests that Māori may be particularly vulnerable to decreases in their employment rates and usual total weekly hours with increases in the minimum wage (Pacheco, 2011). It is unknown whether similar effects could result from a living wage policy.

#### Different kinds of LW policies

Secondly, living wage policies are not homogeneous. Some cities impose wage floors on businesses that have contracts with the city (sometimes including non-profits). These are referred to as “contractor-only” living wage ordinances. Other municipalities also impose wage floors on firms the receive business assistance or economic development grants or tax breaks from the city. These are called “employer-assistance” living wage ordinances. Finally, a small number of cities also require that their own employees are paid a living wage. These differences in living wage laws are important because the empirical findings often vary across types of living wage policies.1

### Health - Katz and Bhatia 01

Katz 01 [Rajiv Bhatia, MD, MPH, and Mitchell Katz, MD (The authors are with the San Francisco Department of Public Health and the Department of Medicine, University of California, San Francisco). “Estimation of Health Benefits From a Local Living Wage Ordinance.” American Journal of Public Health. September 2001, Vol 91, No. 9] AJ

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#### Wage increases reduce chances of poor health

Katz 01 [Rajiv Bhatia, MD, MPH, and Mitchell Katz, MD (The authors are with the San Francisco Department of Public Health and the Department of Medicine, University of California, San Francisco). “Estimation of Health Benefits From a Local Living Wage Ordinance.” American Journal of Public Health. September 2001, Vol 91, No. 9] AJ

Wage gains predicted mortality risk reductions and improvements in health status for both men and women and for both part-time and full-time workers. The average magnitudes of these benefits for adult workers aged 24 to 44 with a current family income of $20 000 are presented in Table 2. The estimated reduction in mortality risk (relative hazard) for a full-time worker de- creases with increasing current income, from 0.93 (95% CI = 0.90, 0.96) for men and 0.95 (95% CI = 0.93, 0.97) for women with a family annual income of $15000 to 0.98 (95% CI = 0.977, 0.990) for men and 0.99 (95% CI = 0.985, 0.994) for women with a family income of $75 000 (Figure 1). The number of days sick in bed, depressive symptoms, the risks of limitations in work or activities of daily living, and being in the poorest subjective health would all be expected to be modestly reduced for full-time workers with current family incomes of $20000; however, daily alcohol consumption would modestly increase (Table 2). For the children of workers benefiting from a living wage, the chances of completing high school would increase (Figure 2), as would the number of years of completed education. For girls, the risk of childbirth outside of mar- riage would be expected to fall.

#### The model already accounts for reverse causality

Katz 01 [Rajiv Bhatia, MD, MPH, and Mitchell Katz, MD (The authors are with the San Francisco Department of Public Health and the Department of Medicine, University of California, San Francisco). “Estimation of Health Benefits From a Local Living Wage Ordinance.” American Journal of Public Health. September 2001, Vol 91, No. 9] AJ

Reverse causality (i.e., poor health leads to poverty) is commonly raised as an alternative explanation of the association between SES and health. However, the evidence from prospective studies and the evidence for relationships between education and health and between spousal SES and health refute this hypothesis.6 As childhood development is unlikely to influence parental income, re- verse causality should not be an issue for these outcomes. Recent experience with wel- fare reform also provides compelling experi- mental evidence for the causal effect of in- come supplementation on childhood educational performance.34

#### Study limitations

The major limitation of our analysis is the assumption of both a causal and a dynamic re-

lationship between income and health. Since all available studies of the influence of income on health are observational, the apparent asso- ciation could be due to confounding. Although all of the studies we applied adjusted for age, sex, race/ethnicity, education, and marital sta- tus, other unmeasured individual factors may

explain the relationship between income and health. We were not able to account for neigh- borhood poverty, institutional racism, and in- equalities in regional income distributions, which may also influence health outcomes in- dependently of individual income.8,11,29–33

### Offense - Adams 2k

Adams 2k [David Neumark and Scott Adams (Department of Economics, Michigan State University). “DO LIVING WAGE ORDINANCES REDUCE URBAN POVERTY?” Working Paper 7606, NATIONAL BUREAU OF ECONOMIC RESEARCH. March 2000] AJ

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#### Theoretical models show that LW increases would decrease employment

Whether in the for-profit or non-profit sector, employers are assumed to minimize the costs of production, which depends in perhaps complex ways on the relative prices of the different inputs used to produce the particular good or service in question, as well as the technology for producing this good or service. Even if we know relatively little about the specific constraints and choices facing an employer, theory predicts that a government-mandated increase in the price of one of its inputs–in this case the price of low-skilled labor, which we conceptualize as labor that would be paid a wage below the minimum living wage requirement in the absence of the living wage ordinance–leads to two sets of effects. The first set of effects occurs as employers substitute away from the now-more-expensive input, and toward other inputs. For example, depending on the good or service under consideration, employers may employ fewer low- skilled workers (or, more precisely, use fewer low-skilled hours), and more high-skilled labor. Alternatively, they may mechanize some tasks previously performed by low-skilled labor, substituting toward capital. Even if we cannot predict the inputs towards which employers will substitute, we can nonetheless say that there will be substitution effects away from low-skilled labor.

The second set of effects occurs because this substitution away from low-skilled labor and towards other inputs raises costs of production and results in scale effects. This follows from the assumption that employers were minimizing costs in the first place, which implies that the input choices (conditional on

output) after the imposition of the minimum wage requirement must be higher cost, or they would have been chosen initially. When costs rise, though, the price charged for the good or service will rise. In a private market, this will reduce demand for the product and, hence, use of all its variable inputs. These scale effects differ from substitution effects in that they entail an overall scaling back of the employer’s outputs and inputs, whereas substitution effects concern changing the mix of inputs. However, both effects reduce employment of low-skilled labor.4

#### [Neg turn] Conventional studies are flawed – MW is bad for employment hours and income

When we turn from such estimates to asking whether minimum wages raise incomes of low-wage workers, it is often assumed that an elasticity as small as –0.1 or –0.2 implies that raising minimum wages entails minor disemployment effects and hence is sound public policy.

However, the argument that “small” minimum wage effects imply that minimum wages raise incomes of low-wage workers is flawed. One problem with using a –0.1 or –0.2 elasticity to make this argument is

that such estimates are taken from studies of the employment effects of minimum wages for entire age groups and are not equivalent to–as some have asserted–the elasticity of demand for minimum wage workers. An estimate of the effect of a minimum wage increase on total employment in any particular age group is really the effect on the low-wage individuals in the group for whom the new minimum wage raises wages, averaged over all workers in this age category; as high-wage workers are for the most part unaffected by changes in the minimum wage, the aggregate elasticity will likely understate the employment effect on the affected workers.11

Another consideration is that there may be wage increases for workers a bit above the minimum wage, whether stemming from relative demand shifts to slightly higher-wage workers, or relative wage constraints faced by employers (Gramlich, 1976; Grossman, 1983). Such effects are potentially quite important in assessing the consequences of minimum wages for low-wage workers (and low-income families), since in the U.S., because of the relatively low level of the minimum wage historically, many workers earning above the minimum would nonetheless be considered low-wage workers, and a sizable proportion of them are in poor and near-poor families. On the other hand, the focus on employment effects ignores hours effects, which could be more widespread than disemployment effects but equally damaging to earnings. Finally, the conventional elasticity uses the legislated minimum wage increase as the denominator, whereas the wage increases received by workers below the new minimum are typically smaller, since many of these workers earn wages above the old minimum initially. Reducing the denominator in the elasticity also increases its absolute magnitude.

Recent research has considered the effects of minimum wages on employment, hours, wages, and ultimately labor income of workers at different points in the wage distribution (Neumark, et al., 1999). This research indicates that workers initially earning near the minimum wage are adversely affected by minimum wage increases, while, not surprisingly, higher-wage workers are little affected. Although wages of low- wage workers increase, their hours and employment decline, and the combined effect of these changes is a

decline in earned income.

#### A2 Pollin and Luce, Reynolds

The best-known work on living wages is the book by Pollin and Luce (1998, hereafter PL). Although the primary purpose of their book was to advocate living wages as a viable poverty-fighting tool, it is a useful starting point for research on the subject. First, PL argue that living wage ordinances will deliver a higher standard of living for low-wage families. Second, they posit that such legislation will reduce government subsidy payments to working families. To support these two claims, they perform a calculation based on a typical Los Angeles family of four with a single wage earner that experiences a wage gain equal to the change from the California minimum wage to the Los Angeles living wage. In this calculation, the family’s disposable income increases by $2,500 per year, and as a result of the higher income, the value of the food stamps and Medicaid that they receive falls, and their earned income tax credit becomes smaller.13 Additionally, they argue that these benefits will occur with relatively small added labor costs to firms.14

There are several problems with this work. Foremost among these is that the calculations are hypothetical, and done in the absence of any evidence based on data before and after the passage of living wage ordinances. Most importantly, PL do not attempt to estimate whether there are disemployment effects or hours reductions from living wages; if either results from a living wage increase, then some families may suffer potentially sizable income declines.15 In addition, their calculations are based on a typical Los Angeles family, but they admit that only 42% of those earning at or below the Los Angeles living wage are the single wage earner in a family. Moreover, the average family size for these workers is 2.1, indicating that on average people are not supporting a family of four on living wages. Thus, their estimates of disposable income gains cannot be read as expected effects of living wages on families of four with a single worker earning a low wage. These same facts imply that their estimate of the reduction in benefits that would be received from the government for workers affected by the living wage is wrong, as these benefits are conditional on the number of dependents and income of other workers in the family. In short, PL’s work cannot be viewed as reliable empirical evidence on the effects of living wages on low-income families.16

Despite the fact that PL’s work cannot serve as a basis for evaluating the impact of living wages, its calculations have been used to evaluate ordinances in New Orleans, Miami-Dade County, and Detroit (Reynolds, 1999). Not surprisingly, given the assumptions, these studies reach similar conclusions. For example, for Detroit Reynolds argues that the costs to employers operating under a city contract would increase by only 5% to 9% of the cost of the contract. For those receiving financial assistance as part of the Empowerment Zones program or the Industrial Facilities Tax Exemption, the added costs would be under 1% of the firm’s annual budget. While the costs are small, Reynolds asserts that there will be a financial benefit

accrued by about 2,300 Detroit workers who will each see annual income gains for their families of between $1,300 and $4,400 annually. Reynolds claims that the benefits outweigh the costs, although the basis for this claim is unclear.

#### Minimum wage literature cannot apply to living wage lit

Adams 2k [David Neumark and Scott Adams (Department of Economics, Michigan State University). “DO LIVING WAGE ORDINANCES REDUCE URBAN POVERTY?” Working Paper 7606, NATIONAL BUREAU OF ECONOMIC RESEARCH. March 2000] AJ

Living wage ordinances mandate wage floors that are typically much higher than the wage floors set by state and federal minimum wage legislation. These are frequently tied to the federal government’s definition of poverty. While traditional minimum wage legislation is nearly universal in coverage, living wages apply to a subset of firms. Only businesses under contract to provide services to the city and, in some cases, firms receiving assistance from the city for the purpose of economic development or job creation, or city employees, are subject to the requirements of these ordinances. Thus, theoretical predictions of the effects of traditional minimum wage laws and the extensive empirical literature that tests these predictions can only serve as a rough guide to studying the effects of living wages. Their unique features require separate empirical examination.

#### Reduces poverty

To date, there has been no attempt to estimate the actual impact that living wage ordinances have had on their expected beneficiaries–the low-wage and low-income families in the cities where these ordinances have been enacted. In this paper, we present evidence on the effects of these city ordinances on wages, hours, employment, and poverty. This is done by comparing the changes in these outcomes for workers in cities that have adopted living wages to workers in cities that have not. By using the latter as a control group, we hope to infer the causal relationship between the legislation and the outcomes for low-income families.

Our findings suggest that there are no contemporaneous effects of living wage ordinances on the wages of low-wage workers. There are, however, lagged effects on wages that are positive and significant. The estimated elasticities are relatively small, which seems consistent with the fact that living wages have limited coverage, and may also have limited compliance and enforcement. In addition to the wage effects, we estimate that the contemporaneous effects on hours worked are not significantly different from zero, and

the lagged effects are negative but only marginally significant for low-wage workers. We estimate lagged effects on the employment rates of low-wage workers, however, that are negative and strongly significant. Finally, our estimates of the effects of living wages on city poverty rates indicate that living wage ordinances may result in modest reductions in urban poverty.

### Lim 12

Lim 12 [Jeannette Wicks-Lim. “The Working Poor: A Booming Demographic.” New Labor Forum, Volume 21, Number 3, Fall 2012, pp. 16-25 (Article)] AJ

aa

#### The Federal Poverty Line is way to low – use the EPI measure instead

Lim 12 [Jeannette Wicks-Lim. “The Working Poor: A Booming Demographic.” New Labor Forum, Volume 21, Number 3, Fall 2012, pp. 16-25 (Article)] AJ

The most widely recognized definition of poverty—the U.S. Census Bureau’s official poverty line—has been widely criticized as too low because it repre- sents an exceedingly severe level of economic deprivation. Income eligibility guidelines for major anti-poverty policies demonstrate the inadequacy of the official federal poverty line (FPL). Public subsidy programs such as free and reduced-price school lunches, the State Children’s Health Insurance Program (SCHIP), the Low Income Home Energy Assistance Program (LIHEAP), and the Earned Income Tax Credit (EITC) provide benefits to households with incomes up to about twice the poverty line.1 According to these programs, families at twice the poverty line live with a high enough level of economic distress to warrant govern- ment aid. The Economic Policy Institute has an alternative measure of a minimally decent living standard for families with young children, called the “Basic Family Budget.”2 These budgets include: food, clothing, housing, transportation, child care, health care, other necessities (including personal care items), and taxes. These budgets do not allow for any savings—not for retirement, education, or even for emergencies. This Basic Family Budget typically ranges between two and four times the official poverty line, depending on local living costs, and averages at about 2.4.3 In other words, for the typical family with children, an income level below 240 percent of the FPL would not be enough to meet their basic needs.

#### Try or die for the aff - even full employment does not solve poverty – insufficient work and low pay rates

Lim 12 [Jeannette Wicks-Lim. “The Working Poor: A Booming Demographic.” New Labor Forum, Volume 21, Number 3, Fall 2012, pp. 16-25 (Article)] AJ

Paid employment can leave workers and their families in poverty for two basic reasons: insufficient employment opportunities and inadequate pay rates. Since the beginning of the Great Recession in 2009, policymakers have focused nearly exclusively on the issue of jobs. What gets lost in the panic over unem- ployment and underemployment—though justified—is that before the Great Recession, millions of fully-employed workers already filled the ranks of the working poor. Without aggressively addressing the issue of low-wage work, a large share of workers and their households will continue to live in poverty. To focus sharply on how low wages create a class of the working poor, the first column of Table 1 presents some basic figures for the year 2000 on the work status of poor indi- viduals. The year 2000 is the last full year of a ten-year-long expansion that produced the lowest unemployment rate—4.0 percent—of the last three decades. The figures for this year should tell us something about how full employment would reduce poverty. In this near-full-employment economy in 2000, nearly one in three (31.5 percent), or 54.5 million, prime-working-age adults (eighteen to sixty-five years old) lived in poor households. Among these individuals, the large majority (68.1 percent) participated in the workforce— either by working or wanting to work at some point during the year.5 Among the other 31.9 percent of poor adults—individuals not in the workforce—nearly all (92.4 percent) either have other responsibilities that interfere with work- ing (taking care of family or going to school) or they are unable to work (because they are ill, disabled, or retired). For these individuals, paid employment will not adequately address their income needs. Focusing now on individuals who are in the labor force and poor, even in a near-full- employment economy, 16.6 percent seek more work and have partial schedules for “economic” reasons (14.8 percent wanted to work more, and another 1.8 percent did not work at all because they could not find a job). Getting enough work clearly remains a problem for some people, even when there is a historically low unemployment rate. But the majority of the working poor (54 percent) do not escape poverty despite working full-time, year-round. For these workers, too- low wages create the gap between their earnings and their household needs. The average hourly wage among the working poor is $10.00 (see Figure 1).6 Full-time, year-round earnings at this rate—$20,800—fall 52 percent short of the $43,500 that the average worker with a small family (two adults and one child) needs to maintain a minimally decent living standard.7 Even two adults working full-time, year-round, at $10.00 an hour would leave a $2,000 gap. Fast forward ten years to 2010, which had a 9.6 percent unemployment rate. We can clearly see the role of massive job losses and reduced hours in pushing U.S. workers and their families into poverty (column 2, Table 1). Now, 37.7 percent of prime-working-age adults are poor. Fully 36.5 percent are now either unemployed or underemployed. Still, even in 2010, just over two in five poor workers had full-time jobs year-round. They couldn’t make ends meet because of their low pay rate. Over the decade, the average wage among the working poor hovered just over $10.00 (after adjusting for inflation), reaching $10.70 near the peak of the last business cycle in 2006. By 2010, the average wage among the working poor was $10.32, only slightly higher than where it started at the beginning of the decade. So why are working people poor? Employment levels certainly matter. The share of prime-working-age adults who can’t make ends meet shot up from 31 percent in 2000 to 38 percent in 2010. But wages matter too. As the earlier figures show, whether the economy is barely recovering from a severe recession (2010) or operating at a high level of activity (2000), a large share of poor workers—roughly between 40 and 50 percent—are fully employed but struggle because they earn poverty wages. In other words, to reduce the ranks of the working poor we must focus on the quality of jobs, not just on the unemployment rate.

#### Solvency advocate - $12.30 an hour minimum wage

Lim 12 [Jeannette Wicks-Lim. “The Working Poor: A Booming Demographic.” New Labor Forum, Volume 21, Number 3, Fall 2012, pp. 16-25 (Article)] AJ

To eliminate working conditions that lead to poverty, we need to pursue a more ambitious set of labor standards. Research indicates that the well-established labor market institution—the minimum wage—is not being used to its full potential. The evidence on how businesses adjust to minimum wage rates suggests that the federal minimum wage rate could be raised by as much as 70 percent—from $7.25 to $12.30—while avoiding any significant fall- off in employment. This would maximize the benefits from minimum wage laws to support a minimally decent standard of living for U.S. workers.

#### Higher wage vs Living Wage – CP?

Today’s anemic minimum wage is a symptom of a bigger problem: an embattled labor movement. Since the 1960s, the value of the minimum wage has been falling alongside the union density rate. Think about this: at the height of the U.S. labor movement the federal minimum wage ticked upwards, in step with increases in worker productivity, ensuring that a share of the nation’s growing income went to the lowest paid workers.16 Remember, worker productivity has more than doubled since the late 1960s. If the real value of the minimum wage had continued to increase alongside worker productivity, starting from its peak of $10.00 in 1968, it would now be about $23.00. This is how far the minimum wage has veered off course from its path of promoting a “fair day’s pay for a fair day’s work.”

Instead, today’s minimum wage rates are so low that living wage campaigns have necessarily recast the struggle over the minimum wage standard in terms of a living wage—a wage floor that will at least prevent workers from becoming destitute. This political strategy has been effective. By igniting public outrage against paying workers less, the living wage movement has led to the passage of more than 130 living wage ordinances across the country.

Recasting the minimum wage as a living wage, however, has a downside. A “living” wage entwines the wage standard with what workers must be paid to survive instead of what workers deserve. This can distract the debate around labor standards with questions about what workers actually need. Living wage and minimum wage opponents, for example, argue that most low-wage workers are teenagers that don’t need to earn much of anything at all.

But working people are not working for charity and their pay should not be tied down to what they need just to get by. Rather, employers should pay their workers a fair rate that keeps pace with the increasing number of goods and services that they generate. This crucial distinction has been lost in the absence of a powerful union movement. The fight against poverty wages requires a strong labor movement that can recast, again, the debate over wage standards in terms of what’s fair, not what passes as minimally decent.

### Kaufman 10

Kaufman 10 [Bruce E. Kaufman (Georgia State University). “Institutional Economics and the Minimum Wage: Broadening the Theoretical and Policy Debate.” Cornell ILRReview. Volume 63, Number 3. April 2010] AJ

Aa

#### Neoclassical criticisms of a living wage are flawed and incomplete – yes, neg has academic consensus, but all of it is based on an incorrect model

Anyone who has completed elementar y economics and can draw a demand/supply diagram knows the essence of the neoclassi- cal critique of a legal minimum wage. The institutional position is that this diagram, and the critique that flows from it, provide useful insight on aspects of the minimum wage issue and labor markets in general. For example, institutional economists would not claim that the minimum wage can be substantially raised all at once without engendering a significant negative employment effect, nor would they dismiss the many virtues of free, flexible labor markets. They do not view the competitive model of labor markets as completely wrong or useless; rather, their position is that it provides certain useful insights and ways of thinking about markets but is also prone to yield systematically misleading answers and conclusions because it unduly neglects hu- man and institutional considerations (Dun- lop, 1984). In this spirit, Commons (1919:17) remarked, “The commodity theor y of labor... is not false, it is incomplete”; in the same vein, Coase (1992:714) called NE theory “a great intellectual achievement” but also stated, “What we have is a ver y incomplete theor y.... [it] lives in the minds of economists but not on earth.” The incomplete nature of conven- tional theory was, as earlier noted, also the critique made by Card and Krueger (1995).

Following in this line of thought, my con- tention is that reliance on the NE paradigm tends to yield a narrow and one-sided portrait of the minimum wage. It puts most of the emphasis on negative features of a minimum

wage, places excessive weight on the employ- ment effect at the expense of other economic and social considerations, and downgrades or omits numerous positive features. As evi- dence, compare the truncated list of positive rationales for a minimum wage given in Klein and Domple (2007) (reproducing a sur vey sent to hundreds of economists about the pros and cons of a minimum wage) with the broader list given here. Also instructive are these anomalies. According to a 2006 national poll 83 percent of the American public said they favored a $2.00 increase in the minimum wage, even though economists have been criticizing the minimum wage for decades.13 Similarly, despite the highly negative picture of the minimum wage painted in neoclassical economics, Britain recently adopted a na- tional minimum wage with little subsequent measurable negative effect (Arrowsmith, Gilman, Edwards and Ram 2003; Metcalf 2004). Lastly, since publication of CK’s Myth and Measurement (1995), the economists who have most actively and influentially led the countercharge against the minimum wage are Neumark and Wascher. In their book Minimum Wages (2008: 289) they conclude, “we find it very difficult to see a good eco- nomic rationale for continuing to seek a higher minimum wage.” The evidence they advance to support this conclusion is detailed and impressive; it is also adduced, however, with little-to-no substantive attention to the four positive rationales presented here or in earlier IE-related studies. Possibly, therefore, a more balanced and inclusive theoretical analysis would have led to a more balanced and inclusive empirical investigation and policy conclusion.

In fairness, one must also admit that in- stitutional economists have not done well in putting forward their case for the minimum wage, thus allowing neoclassical economists to more easily and legitimately pass it by. To remedy this situation, I have endeavored in this paper to re-broaden the theory and policy debate on the minimum wage by outlining the core arguments advanced for it by earlier generations of institutional economists. Emphasized here are efficiency arguments, although normative arguments are also important. The institutional case for a minimum wage law is partially dis- tinct but substantially complementar y to the theor y presented by other supporters, such as Card and Krueger. In addition, the analysis presented in this paper also helps integrate OIE and NIE.

I do not deny that some or many of the IE arguments cited in favor of a minimum wage can be captured in some expanded/amended NE-based model; I do claim, however, that if carried too far, this risks making NE a “theory for all seasons” and therefore fundamentally ad hoc and non-falsifiable. More important than critiquing NE is demonstrating that IE has an analytical core and provides labor economists with an alternative paradigm and perspective on labor issues. In addition, the NE/IE dichotomy usefully puts into the open fundamental issues that are often sidestepped, assumed away, or ignored; for example, that labor markets either are or are not self-correcting, the Invisible Hand in labor markets either achieves efficient outcomes or does not, and relatively unre- stricted free trade in labor either promotes or harms the social interest. The answers to these questions mark the ultimate divide between orthodox and heterodox in contem- porar y labor economics, an area in which NE

and IE occupy overlapping but nonetheless distinct spaces.

#### A living wage levels the playing field by countering employers’ bargaining power advantage. Neg neoclassical models are flawed – 2 warrants.

TC = Transaction cost, IBP = Inequality of Bargaining Power, NE = Neoclassical Economics, IE = Institutional Economics

Kaufman 10 [Bruce E. Kaufman (Georgia State University). “Institutional Economics and the Minimum Wage: Broadening the Theoretical and Policy Debate.” Cornell ILRReview. Volume 63, Number 3. April 2010] AJ

The first IE rationale for a minimum wage law is that workers suffer an inequality of bargaining power (IBP) because imperfect labor markets and a lopsided distribution of resources and rights put employers in the dominant position in wage bargaining and the individual worker in a weaker and dependent position (Commons and Andrews 1936; Kaufman 1989). With IBP, market competition cannot fully protect the wages and conditions of labor, and thus a counter vailing institutional mechanism must be introduced to ensure efficiency and equity. The primary objectives are protection of labor and balance in social outcomes. In developing the IBP idea, I proceed in two steps. The first is to consider the role of imperfect competition in labor markets; the second is to consider the role of lopsided resources and rights. The two are distinct and need to be treated separately. Imperfect competition. A situation of equal bargaining power exists in a competitive labor market since both employer and employee are wage takers, meaning neither has power to raise or lower the wage (and other conditions) above or below the competitive market rate. This yields economic efficiency. At least by one standard the competitive outcome is also ethically just—what Budd (2004) called the standard of “marginal productivity justice” (the fact that under competition workers are paid the value of their marginal product). The labor market also provides full protec- tion to workers since with zero cost they can quit and find jobs elsewhere and, conversely, competition forces firms to provide economi- cally optimal terms and conditions of labor. But what if labor markets are imperfect? In theory, an imperfect market may give the power advantage to either the employer or employee. Although an imbalance either way can occur, the IE position is that most often it is the workers—particularly those with fewer skills, less education, or from disadvantaged gender and ethnic groups—who suffer IBP. The reasoning is simple: who feels the greater pressure to reach an agreement and fill the job, and who has the greater resources and alternative options to fall back on if an agree- ment is not reached—the company or the worker? In most circumstances, the answer is the company. A rationale for a minimum wage (or union) is thus to “protect the un- derdog” and “level the playing field.” The IE position is that in both theory and practice labor markets are always imperfectly competitive, albeit to var ying degrees and in varying ways. We first start with the transaction concept advanced by Commons (1934) and integrate it with the transac- tion cost idea of Coase (1937). The model of perfect competition entails an implicit assumption that property rights to goods and services can be exchanged at zero cost (Dow 1997). A logical implication of such a world of zero transaction cost (TC), Coase argues, is that multi-person firms should vertically disintegrate into single-person entities, such as sole proprietorships and independent contractors. The reason is that with zero TC the market is more efficient at coordinating economic activity than are organizations and management and, hence, the latter disaggregate to their irreducible minimum. Single-person firms, however, have no employees (by definition), so labor factor markets, employment relationships, and the labor demand/supply diagram also disappear by implication (Kaufman 2007b, 2008). In their place, the single-person firms (perhaps some with large capital stocks) obtain labor services through competitive product markets in the form of intermediate goods/ser vices sold by independent contrac- tors, such as John Jones Auto Assembler, Inc. and Nancy Smith Legal Services Ltd. Turning the logic around, if labor markets exist, then they must be imperfectly competitive, since their existence rests on a necessary condition of positive TC—itself a product of imperfect information, fundamental uncertainty, and other such market imperfections. These conditions, in turn, necessarily make labor contracts incomplete, opening the door to a host of contracting problems and market failures, such as principal-agent conflict, moral hazard, and externalities. IE cites a second reason why labor markets are always imperfect. An essential condition of the competitive model is that labor is a homogeneous (undistinguishable) commodity. But this condition is violated by the very nature of the employment relationship. The reason is that labor services are embodied in the worker (a form of indivisibility) and cannot be separated at the time of sale; thus the worker and employer form a personal relationship at the point of production (Prasch 2004). This fact distinguishes “outsiders” from “insiders,” which, along with search and mobility costs due to imperfect information (an attribute of positive TC), makes incumbent employees preferable to external labor market job candidates as a source of labor services for firms. Hence, workers are not homogeneous but heterogeneous, leading to a situation of monopsony (broadly defined to include structural and dynamic monopsony, oligopsony, monopsonistic competition, and so on) in which the labor supply curve to the firm is upward-sloping (Card and Krueger 1995; Bhaskar and To 1999; Manning 2003; Erickson and Mitchell 2008). The implication of the two preceding lines of argument is that as a matter of theory and logic, labor markets are always and everywhere imperfectly competitive. Thus, from a theory perspective, imperfect competition should be the base-line for analysis, particularly when efficiency comparisons are made among alternative labor market outcomes, and the competitive model should be downgraded to a special and somewhat ad hoc case. A convenient but also incomplete representa- tion of imperfect competition is the standard monopsony diagram, shown in panel (1) of Figure 1. In a monopsony labor market the wage is set by the firm, implying, as IE economists (for example, Dunlop 1944; Les- ter 1964) have long maintained, that wage rates are an administered price—a price set by employers who operate in labor markets with some degree of discretion and wage-making power. If this potential market power is exer- cised (for qualifications, see Bronfenbrenner 1956), the imperfectly competitive wage W1 will be lower than the competitive wage W2. For inframarginal workers this may take the form of salary compression. The impediments to mobility and limits on competition provide firms an opportunity to practice some degree of compression, discrimination and exploitation in terms and conditions of employment, possibly by providing a wage below the competitive level for new hires, less than competitive pay increases or promo- tions for tenured employees, or, alternatively, sub-competitive benefits, working conditions, or treatment. In any of these cases, the workers are at an IBP disadvantage; a minimum wage, in these conditions, helps to balance bargaining power and eliminate this less-than- competitive outcome. If well positioned (for example, set at W2), a minimum wage may also lead to an increase—not decrease—in employment, such as from L1 to L2.4 IE recog- nizes, of course, that the extent of structural or dynamic monopsony-like power available to firms in low-wage labor markets may be mod- est; nonetheless, empirical evidence suggests that even here the labor supply curve to firms is often less than perfectly elastic (Manning 2003), particularly for inframarginal workers (Young and Kaufman 1997).

#### This disproves the negative employment effect – prefer meta analyses

Kaufman 10 [Bruce E. Kaufman (Georgia State University). “Institutional Economics and the Minimum Wage: Broadening the Theoretical and Policy Debate.” Cornell ILRReview. Volume 63, Number 3. April 2010] AJ

4 The employment increase in surviving firms may be partially or completely offset, however, by employment declines from firms that go out of business. A monopsony firm need not be profitable and, indeed, may be able to remain in business only with the “subsidy” gained from labor exploitation. This analysis has important implications for the debate about the employment effect of a minimum wage. For example, if the baseline is a model of imperfect competi- tion then the predicted effect of a minimum wage (or increase thereof) on employment is uncertain, particularly for a small-to-modest boost. In support of this proposition, Dou- couliagos and Stanley (2009) find in a recent meta-analysis of dozens of minimum wage studies that after correcting for publication bias the estimated employment effect is not statistically different from zero. Also, one must note that at a theory level the negative employment criterion is a biased test in favor of the competitive model. As Becker (1962) showed, the law of demand is a fundamental fact of scarcity and is not a unique conclusion of any one theory (for example, it emerges even if people behave irrationally). This implies that a negative employment effect is not discriminating evidence in support of the NE competitive market model. Rather, the real issue sepa- rating IE and NE is the tightness and strength of this relationship. NE price theory posits a monotonic well-defined negative relationship between the wage and quantity demanded of labor; IE, on the other hand, posits that the labor demand relationship over a moderate range is “loose” (that is, is discontinuous in places, and forms a “band”) and may have a vertical or positive-sloped section. IE recog- nizes, on the other hand, that over a large range of wage variation the labor demand cur ve is surely negatively sloped, particularly in the long-run.

#### Even in perfectly competitive markets, workers are still at a huge disadvantage

Kaufman 10 [Bruce E. Kaufman (Georgia State University). “Institutional Economics and the Minimum Wage: Broadening the Theoretical and Policy Debate.” Cornell ILRReview. Volume 63, Number 3. April 2010] AJ

Unequal resources and rights. Labor may also suffer from a bargaining power disadvantage even in a perfectly competitive labor market if the distribution of rights and resources is skewed in favor of employers. I call this a case of IBP before the market, in contrast to the case previously described, which might be called IBP within the market. The insight here is that labor market outcomes narrowly viewed may appear competitive but broadly viewed may considerably favor employers due to disguised forms of market power emanating from so- cially determined pre-market inequalities. An IBP-before-the-market perspective examines the wage/employment outcome with regard to how alternative distributions and specifications of property rights and ownership influence the bargaining power of workers and employers. The adopted hypoth- esis is that workers with more resources and rights will enter wage bargaining with (ceteris paribus) a higher reser vation wage, mapping into a “higher” supply curve in the market. We again need a base-line in order to compare situations of equal and unequal bargaining power. For this purpose Com- mons (1934:683–84) invented the concept of reasonable value. Reasonable value is the community’s conception of the legitimate, morally justifiable upper and lower bounds to the wage bargain, given the economic fun- damentals existing at the time and the range of feasible or practical alternatives facing both parties (McIntyre and Ramstad 2002). Reasonable value is inherently subjective and contingent over time and place, yet it is also determinate in that a sovereign governmental body, such as the U.S. Supreme Court (from which Commons derived this concept), has to determine the boundary lines between legitimate and illegitimate contract terms. To do this, the Court devised in the early twentieth centur y the doctrines of “reason- ableness” and” conscionability.” The idea is the Court refuses to set aside voluntarily negotiated contracts unless the negotiation process or terms are deemed unreasonable or unconscionable by prevailing community standards. IBP before the market, therefore, corre- sponds to wages and other conditions outside the range of reasonable value, outcomes that would ordinarily arise only when bargaining power is sufficiently lopsided to violate com- munity standards of legitimacy. From this perspective, the proposition that there is freedom of contract and that “all sides gain from trade” can be a cruel fiction allowing one side to impose onerous and exploitative terms on the other. As before, in theory IBP before the market can favor either employer or employee; in practice, however, IE argues that it usually favors employers and works against individual workers, particularly in early phases of economic development. With regard to resources, for example, employers have far deeper pockets than workers who live paycheck to paycheck, and can thus survive much longer if no deal is struck. Likewise, employers are less pressured to strike a deal since their revenue stream typically continues even if one job is vacant, while a worker’s revenue stream typically ceases without that job. Also important, the number of alterna- tive job seekers from whom employers can choose typically is higher than the number of alternative job openings for an individual worker (that is, workers are usually on the “long side” of the labor market). Rights are a second determinant of bar- gaining power. IE contends that in all capi- talist societies legal rights start out heavily skewed in favor of employers (Commons 1924). One reason is that capital is typically scarce while labor is cheap and, therefore, societies give little regard to protecting labor; another is that employers have preponder- ant access to and influence in the legislative and judicial arenas (Commons 1934:673). Thus, while NE theorizes that the evolution of the common law is driven by pressures of efficiency (for example, Posner 2007), IE posits that in addition to efficiency pressures the common law also evolves from political contestation—that is, the process whereby so- cial “outsiders” struggle to become “insiders” and, to the degree they are successful, judges re-interpret the common law to incorporate their interests. As seen in IE, many legal rules a century ago, and some today, regarding ownership and property rights create IBP before the market (Adams 1886; Commons and Andrews 1936). One current example is employment-at-will. In any real world labor market the costs of employment-at-will fall disproportionately on workers, undercutting their bargaining (hold-out) power, reducing their minimum supply price, and shifting the labor supply curve to the right. Also relevant is immigration law. A legal rule that allows large immigration or lax enforcement also shifts the labor supply curve to the right, substantially lowering wages and conditions for domestic workers. The effect of these considerations is illus- trated in panel (2) of Figure 1. Two alternative supply cur ves are depicted: the “high” supply cur ve S1 reflects a ver y favorable regime of labor rights and resources, and the “low” curve S2 reflects the opposite. These different regimes of resources and rights are outcomes of the political process and presumably reflect the differential power in the polity of capital and labor as organized interest groups or classes (e.g., S1 = Europe; Massachusetts, S2 = USA; South Carolina). When NE theorists analyze a minimum wage law using a D/S diagram, they insert a supply curve, such as S1 or S2, and find the competitive wage, such as W1 or W2. As long as this wage is competi- tive, no further questions are asked about its welfare properties. IE insists, however, that economists look deeper and, in particular, examine the relative income shares of em- ployers and workers. If the supply curve is S1, the largest income share goes to workers and the smallest to the owners of capital (labor gets the rectangle 0W1AL1, capital gets the triangle above it); conversely, if the supply cur ve is S2 and the demand cur ve is inelastic (a reasonable assumption), the opposite is the case—capital gets much and labor gets little (compare the rectangle 0W2BL2 to the triangle above it). The contention of IE is that for the bottom part of the work force the regime of rights and resources most likely resembles the low supply curve S2. The idea of reasonable value, in turn, is that every so- ciety accepts some (possibly large) inequality in the group incomes of capital and labor, but not beyond some limit. If supply curve S2 is “very low,” then the resulting (but still competitive!) wage W2 and the labor share of income 0W2BL2 fall outside the range of reasonable value. In this case, labor is on the losing side of IBP before the market; workers also suffer from institutional exploitation—the difference between a minimally reasonable wage and set of employment conditions and the actual level resulting from the skewed rules of the game (Taylor 1977). Enactment of (or an increase in) a minimum wage is one action that can reduce or eliminate this form of social inequality and exploitation. Before moving on, it is useful to point out that employers are not the only or perhaps even the main party using government to skew the rules of the game against the in- terests of workers. Consumers also have an incentive to do so, as explicated by the Webbs (1897) in their famous “chain of bargains” argument. Consumers have dual interests to the degree they not only buy goods but also sell labor. Nonetheless, IE surmises that their self-interest on balance tilts toward lower-priced goods, given that lower prices of consumer goods in the economy improve every consumer’s welfare but most forms of higher labor standards improve welfare for only a subgroup. If we look at a minimum wage, for example, most people work at com- panies that pay considerably above this level, so voting for political candidates who favor a minimum wage increase is likely to reduce the voters’ real income (via higher prices) without any compensating gain in wages. Ex- amined this way, consumers and firms have a shared preference for laws, regulations, and an institutional infrastructure that promote lower labor cost (Freeman 1996). A political economy perspective suggests, therefore, that the erstwhile competitive labor market may well be in fact a site of IBP, absent progressive social norms and labor policies.

#### Macro warrants

The second IE rationale for a minimum wage is that it promotes macroeconomic sta- bility and full employment. This argument has been entirely ignored in the modern debate on minimum wages and, until recent months, would have been quickly dismissed by most mainstream economists as irrelevant “histor y of thought” or anachronistic “depres- sion economics.” However, the specter of eco- nomic depression that emerged in 2008–2009 gives the macroeconomic dimension of the minimum wage new relevance and life.

IE pinpoints three positive macroeco- nomic roles for a minimum wage: first, to boost employment by augmenting household income and aggregate demand; second, to prevent ruinous deflation and “destructive competition” in labor markets; and third, to maintain a better balance between spend- ing and production both by counteracting greater inequality in income and by pro- moting a more broad-based sharing of the fruits of productivity growth. I discuss each in this order.

Commons (1934:804) asserted that chronic unemployment is the greatest cause of labor problems and capitalism’s greatest vulnerability; the IE case for minimum wage legislation, in turn, rests as much on the evils of excessive competition in labor markets as on the evils of restricted competition. The early institutionalists were “proto-Keynesians”; that is, they rejected Say’s Law, emphasized the link between purchasing power and employment, and rejected wage reductions as a method to eliminate unemployment (Kaufman1997). Indeed, recent research shows that part of Keynes’ theoretical in- spiration for the General Theory came from Commons and Wisconsin institutionalism (Whalen 2008; Kates 2008). 6 Thus, progres- sive economists promoted minimum wage laws to offset the downward drag on labor standards caused by unemployment and to augment aggregate demand and job creation.

Neoclassical economists draw the D/S diagram and start the analysis of a mini- mum wage law at the equilibrium market wage without noting one hugely important assumption—namely, that the labor market is thereby presumed to be at a point of full employment (number of jobs offered equals number of job seekers), indicated by an equality between labor demand and labor sup- ply (with, in reality, some positive frictional unemployment).7 This presumption rests, in turn, on the most celebrated idea of Adam Smith and the core proposition of Marshal- lian/Walrasian neoclassical economics: the idea that a competitive market economy is self-regulating and flexible prices rise or fall to bring the market back to a demand/sup- ply equilibrium located on the production possibility frontier (Kniesner and Goldsmith 1987). Yes, neoclassical economics recognizes that many frictions and imperfections may impede and interfere with this process, but nonetheless its adherents hold that as a central tendency the demand/supply model and Invisible Hand theory capture the reality of a market economy (Reder 1982; Lazear 2000). IE, in contrast, explicitly denies both the Invisible Hand theory and Say’s Law.8 The first part of the IE argument is that involuntary unemployment is the normal or “default” condition in the aggregate labor market. The only necessary change in assumptions from the NE model is that economic agents, to better reflect reality, are modeled as human beings. The rest flows as a matter of logic.

Why is involuntary unemployment the default option in a capitalist labor market? According to competitive theor y, persistent involuntar y unemployment is a logical impos- sibility, illustrated by Reynold’s (1991:176) assertion that “all unemployment is by choice...it all boils down to a question of price.” But involuntar y unemployment is a logical impossibility in NE competitive theor y only because workers are modeled as quasi-lifeless human commodities rather than thinking, feeling people. By substitut- ing a social/behavioral model of the human agent for homo economicus, economists have demonstrated that firms may actually maxi- mize profit by paying above-market wages as a deliberate strategy to attract and retain the best workers and motivate them to contrib- ute maximum cooperation and work effort (Akerlof and Yellen 1986). They do so for at least two separate reasons (Slichter 1931; Bowles 2004): because of asymmetric infor- mation and price/quality interdependence (for example, as in signaling models of labor selection), and because of the positive link between high wages and work effort/coop- eration (for example, as in efficiency wage models). Above-market wages, in turn, lead to a semi-chronic condition of excess labor supply in this part of the aggregate labor market—absent, of course, other forms of intervention, such as activist government fiscal and monetar y stabilization programs.

In proceeding, it is next useful to introduce the institutional concept of segmented labor markets (Kerr 1977), such as in a dual labor market model (Dickens and Lang 1988). If the aggregate labor market is prone to chronic unemployment and jobs are in short supply in primary sector firms, it is likely that a portion of the job seekers will spill into the low-wage secondar y sector as they become more desperate for work (Bulow and Sum- mers 1986). Similar to a NE minimum wage model with a covered and uncovered sector (for example, Mincer 1976), the result is a rightward shift of the labor supply curve in the secondar y sector and downward pres- sure on this already low wage. When NE economists draw a D/S diagram and start the analysis of a minimum wage law at the “competitive” wage, they are thus engaging in a partial equilibrium exercise that hides the reality that involuntary unemployment in the overall market has earlier forced this wage down to a level that would not exist in a truly competitive (full employment) world. If panel (2) of Figure 1 is taken to represent the low-wage secondar y labor market, its sup- ply curve shifts rightward from S1 to S2 due

to this spill-over effect from unemployment, leading to a form of “crowding” that lowers wages for people already at the bottom end of the pay scale.

#### Wage floor key to prevent downward price spiral that will destroy the economy

Kaufman 10 [Bruce E. Kaufman (Georgia State University). “Institutional Economics and the Minimum Wage: Broadening the Theoretical and Policy Debate.” Cornell ILRReview. Volume 63, Number 3. April 2010] AJ

But the situation in low-wage labor markets can be much worse, which brings us to the second macroeconomic role for a minimum wage: preventing destructive competition. According to NE theory, the solution to an excess supply of labor is a fall in the wage until labor demand and supply are equal. But IE argues this logic is false and, in fact, claims that the process of wage reduction (and deflation in general) is likely to make unemployment worse, not better. There are two steps in this argument. The first is to show that wage reductions, even in a perfectly competitive economy, cannot cure unemployment. This proposi- tion was embraced by Keynes (1936, Chap. 2) and is the revolutionary part of his mes- sage. Keynes advanced two reasons, neither of which depends on wage/price rigidities. The first is that the capitalist macroeconomy suffers a coordination failure due to a “miss- ing institution”; that is, workers cannot “buy” a job because the property right they have to trade—a lower money wage—is not com- mensurable with the property right employ- ers want for their job opportunity—a lower real wage. In practical terms, a money wage cut leads to a price cut, thus preventing a fall in the real wage. The second reason is that a reduction in money wages not only reduces the cost of labor and moves firms down their labor demand curves (toward a new full employment equilibrium) but also reduces aggregate income and expenditure and thus shifts labor demand curves leftward. The result is to perpetuate and worsen mac- roeconomic disequilibrium and unemployment (with debt deflation offsetting other presumed corrective forces outside labor markets, such as a fall in interest rates). IE goes a step farther and demonstrates that wage reductions can lead to more harm by unleashing a dynamically destabilizing downward spiral in wages and prices, poten- tially culminating in an economic catastrophe. IE theorists call this process destructive competition (an oxymoron term in NE); today it is also referred to as a “race to the bottom” (Culbertson 1985; Kaufman 1997). The key conditions leading to destructive competition in the macroeconomic labor market are an excess supply of labor, large fixed costs for workers (ongoing costs of food, shelter, health care, and so on), limited mobility to other more buoyant labor markets (for example, immigration to Europe or Australia), and lack of a social safety net (for example, no un- employment insurance). Workers, squeezed financially by fixed survival and family costs as their spell of unemployment lengthens, bid down wages and working conditions in an increasingly desperate effort to get jobs. In NE theory, this process of wage reduc- tion leads to a demand/supply equilibrium and full employment (Say’s Law); in IE and Keynesian theor y, it shifts the aggregate labor demand curve leftward from D1 to D2 to D3 in panel (1) of Figure 2, and wages and em- ployment spiral downward. A legal minimum wage (along with other protective laws, such as those placing a ceiling on allowable hours of work and banning child labor) prevents destructive competition from proceeding by establishing a wage floor in the labor market, such as at W1

#### Living wage key to preventing spiraling inequality and resulting economic crises

Kaufman 10 [Bruce E. Kaufman (Georgia State University). “Institutional Economics and the Minimum Wage: Broadening the Theoretical and Policy Debate.” Cornell ILRReview. Volume 63, Number 3. April 2010] AJ

The third IE macro role for a minimum wage is to help ensure that the gains from productivity growth are distributed in a balanced way between labor and capital and rich and poor, thus ensuring that consumer spending keeps pace with expansion in pro-

duction capacity. Absent a minimum wage law, a welfare state with a progressive income tax, or some form of collective bargaining, it is likely that a growing share of the national income will be paid to capital owners and the top tier of the professional/managerial class. The reason is that unskilled labor, hav- ing the most elastic supply curve, receives proportionately the fewest economic rents from growth, while capital and skilled labor receive larger (sometimes ver y large) rents as their demand cur ves shift rightward along inelastic supply cur ves (Bok 1993; Frank 1995). The modern-day exemplar of this process is the meteoric rise in CEO compensation relative to the average hourly earnings of production workers. The result from the early 1990s to 2007—parallel to the 1920s—is a growing maldistribution of income, a booming stock market, and a growing imbalance as aggregate demand growth is able to keep up with aggregate supply growth only through massive in- creases in debt among the middle and lower classes and luxur y spending among the affluent. This imbalance is ultimately unsupportable and the economy goes into recession or depression for lack of broad- based purchasing power. Key to preventing this underconsumption scenario is an insti- tutional mechanism to ensure that some of the income gains and economic rents from productivity growth are channeled back to the middle and working classes to maintain strong demand growth. A minimum wage is one such device.

### Stanley 09

Stanley 09 [Hristos Doucouliagos (School of Accounting, Economics and Finance, Deakin University) and T.D. Stanley (Department of Economics, Hendrix College). “Publication Selection Bias in Minimum-Wage Research? A Meta-Regression Analysis.” British Journal of Industrial Relations 47.2 (2009): 406-428] AJ

#### Prefer meta meta analyses

Many more minimum-wage studies have been reported since CK’s meta-analysis. Hence, it is important to include these newer studies. Meta-analysis starts with extensive literature searching (Stanley and Jarrell, 1989; Stanley 2001). We searched ECONLIT and several other internet databases for any occurrence of the terms “minimum wage”, “employment”, and “teenage employment”. We followed up also on references cited in empirical studies and reviews of this literature. After much reading and retrieving, this process eventually yielded 1,474 empirical estimates of the minimum-wage elasticity of employment from 64 comparable studies using US data. Of these, 39 studies report estimates relating to US teenagers, while the rest report estimates either for a specific region (e.g. California or New Jersey), a specific industry (e.g. retail trade), or a specific sub-group (e.g. males and/or non-white employees).11

We excluded 31 studies from the meta-analysis because they were incompatible with the main group. Excluded are studies that either: (a) focused on unemployment and not employment; (b) did not offer sufficient information to be included in the meta- regression analysis; or (c) used the conditional logit model and focused on the probability of employment rather than the elasticity of employment with respect to the minimum wage.12

#### No negative employment effect- prefer meta analyses – your authors have massive publication bias

Stanley 09 [Hristos Doucouliagos (School of Accounting, Economics and Finance, Deakin University) and T.D. Stanley (Department of Economics, Hendrix College). “Publication Selection Bias in Minimum-Wage Research? A Meta-Regression Analysis.” British Journal of Industrial Relations 47.2 (2009): 406-428] AJ

How can it be that there is no adverse employment effect from raising the minimum wage? Every economics and business student has been taught for many decades that minimum wage hikes cause unemployment. This and rent control are the quintessential textbook illustrations of the allocative inefficiency that results through market interference or from government regulation. Card and Krueger (1995a), among others, have suggested that significant monopsonistic power in the labour market would explain this observed inelasticity (or even the positive wage elasticity) of labour demand. Alternatively, efficiency wage theory can provide a plausible explanation of the absence of any adverse employment effect (Akerlof, 1982; Akerlof, 2002). Higher wages are observed to lead to higher productivity, which, theoretically, could compensate for the higher labour costs. An entirely separate meta-analysis of the efficiency-wage literature finds the clear trace of an authentic efficiency-wage effect after correcting for publication selection (Stanley and Doucouliagos, 2007). Like the current study, the efficiency-wage MRA results are very robust. The presence of an economically meaningful efficiency-wage effect is corroborated by both simple and multiple meta-regressions and by using more sophisticated estimation techniques that are not vulnerable to the dependence across estimates (REML) or to extreme estimates (robust regression). However, meta-analysis of the efficiency-wage literature is also at odds with neoclassical theory: the magnitude of the efficiency-wage elasticity is roughly half of what it needs to be, in order to be consistent with profit maximization (Stanley and Doucouliagos, 2007). This paper re-evaluates the empirical evidence of a minimum-wage effect on employment. Several meta-regression tests corroborate Card and Krueger’s overall finding of an insignificant employment effect (both practically and statistically) from minimum-wage raises. Recently developed tests for publication selection bias confirm its presence in this area of labour research. The research on minimum-wage effects contains the clear trace of selection for adverse employment effects. No evidence of a genuine adverse employment effect can be found among time series estimates of minimum-wage elasticities used by Card and Krueger, but they contain a clear indication of publication selection. Recall that quasi-experimental evidence corroborates minimum wage’s insignificant employment effect (Card and Krueger, 1995b). Our analysis confirms that there never was much accumulated empirical evidence of a negative employment effect from minimum-wage regulation (Leonard, 2000). In any case, there seems to be a consensus among labour economists that if there is an adverse employment effect, it is a small one (The Economist, 2001). Our meta-analysis of 1,474 estimated minimum-wage elasticities only confirms this view and Card and Krueger’s (1995a) results. We still find strong evidence of publication selection for significantly negative employment elasiticites, but no evidence of a meaningful adverse employment effect when selection effects are filtered from the research record. Even after accounting for structural change in this area of research, very strong evidence of publication selection for negative employment elasticities remains. In the minimum wage literature, the magnitude of the publication selection bias is as large or larger, on average, than the underlying reported estimate. Overall, correcting for publication bias would transform a modestly negative average elasticity to a small positive employment elasticity. However, our meta-regression analysis identifies several factors, including structural change, that affect the magnitude of the minimum-wage elasticity. Thus, no single estimate can adequately summarize the minimum wage effect on employment. Rather, estimated employment effects are dependent upon research choices and time. Even under generous assumptions about what might constitute ‘best practice’ in this area of research, little or no evidence of an adverse employment effect remains in the empirical research record, once the effects of publication selection are removed. Two scenarios are consistent with this empirical research record. First, minimum wages may simply have no effect on employment. If this interpretation were true, it implies that the conventional neoclassical labour model is not an adequate characterization of the US labour markets (especially the market for teenagers). It also implies that other labour market theories, such as those involving oligopolistic or monopsonistic competition, or efficiency wages, or heterodox models, are more appropriate. Secondly, minimum-wage effects might exist but they may be too difficult to detect and/or are very small. Perhaps researchers are “looking for a needle in a haystack” (Kennan, 1995, p. 1955). In any case, with sixty-four studies containing approximately fifteen hundred estimates, we have reason to believe that if there is some adverse employment effect from minimum wage raises, it must be of a small and policy-irrelevant magnitude. One objection to the first inference is that the standard competitive labour market model does not predict that employment will fall for all sub-sectors. Employment need not fall for all establishments, and it might rise for some establishments. The model does, however, predict some adverse effect on employment across the board, on average, and the research record is not consistent with the prediction of an adverse effect at any level. Moreover, researchers do use the extant evidence to make inferences. For example, Neumark and Wascher (2007) provide a conventional descriptive review of most of the studies included in our meta-analysis. In their review of this same literature, Neumark and Wascher (2007; 123) see the evidence as: “largely solidifying the conventional view that minimum wages reduce employment among low-skilled workers, and as suggesting that the low-wage labor market can be reasonably approximated by the neoclassical competitive model.” However, the contract between their subjective narrative review and meta-analysis is quite striking. In updating and extending Card and Krueger’s meta-analysis, we offer alternative meta-regression methods that are validated through Monte Carlo simulations and by extensive applications in other fields of economic research (Doucouliagos, 2005; Gemmill et al., 2007; Roberts and Stanley, 2005, Stanley, 2005; Stanley, 2008; Stanley and Doucouliagos, 2007). Funnel asymmetry (FAT) and precision-effect testing (PET) offers great promise for the empirical study of economic research. Our meta-analysis of minimum wage regulation and the associated MRA models are robust to variations both in the meta-data used and to variation in the econometric approaches employed. Thus, it seems safe to conclude that minimum-wage research exhibits much publication selection, regardless of which additional factors one considers.

### Reich 11

Reich 11 [Sylvia Allegretto (Institute for Research on Labor and Employment, University of California at Berkeley), Arindrajit Dube (Department of Economics, University of Massa- chusetts), and Michael Reich (Department of Economics, Institute for Research on Labor and Employment, University of California at Berkeley). (2011). “Do Minimum Wages Really Reduce Teen Employment? Accounting for Heterogeneity and Selectivity in State Panel Data.” INDUSTRIAL RELATIONS, Vol. 50, No. 2 (April 2011)] AJ

#### No loss of employment for teens – it’s net positive even for them

We also examine minimum wage effects by age, gender, and race⁄ethnicity. Although minimum wage effects on average wages are greater for younger teens (16–17) than for older teens (18–19), we do not detect any disemploy- ment effect for either group. We find little difference in employment effects between male and female teens. For both white and black teens, the minimum wage has strong effects on the average wage, and spatial heterogeneity imparts a downward bias to the employment estimates, particularly so for black teens. In all cases, the employment effects are less negative (or more positive) once spatial controls are included. Including spatial controls renders the estimates for Latinos particularly imprecise and fragile, which is likely a consequence of the concentration of Latinos in a handful of Census divisions, especially in the early part of the sample.

Although the range of elasticities generated by studies in the literature may seem narrow, they contain important implications for the net benefits of a min- imum wage policy for low-wage workers. Whether the net benefit is positive or negative for a group depends upon whether the sum of the estimated wage, employment, and hours elasticities is greater than or less than zero. In other words, whether the change in minimum wage increases or decreases the teen wage bill. The estimates from extant national CPS-based studies (Neumark and Wascher 2007b, 2008) often imply negative net benefits for teens; our esti- mates reverse this conclusion.

#### A2 Neumark and Wascher

We do not attempt to review in detail the voluminous minimum wage and teen employment literature. Brown (1999) and Neumark and Wascher (2007b, 2008) provide such reviews.4 Neumark and Wascher (2007b, 2008) summarize fifty-three studies published since 1990 that examined minimum wage effects in the U.S. Of these, seven were industry case studies, usually of restaurants; the other forty-six used national panel data, mostly on teens in the CPS, with state-fixed effects or state- and year-fixed effects. According to Neumark and Wascher, almost all of these panel studies found economically modest, but statistically significant, negative employment effects, for teens only, with elas- ticities that range from )0.1 to )0.3.5

There are reasons to question the value of counting how many of these stud- ies produced negative employment estimates. As Wolfson (2010) finds, many of these studies probably overstate their precision due to use of conventional standard errors (not clustered by state) and may incorrectly reject the hypothe- sis of no employment effect. More fundamentally, however, as we show in this paper, the reliance on the state- and year-fixed effect models makes the conclu- sions from these papers questionable.

Two recent papers in this vein are Sabia (2009) and Neumark and Wascher (2007a). Using CPS data for 1979–2004, Sabia’s main specification included controls for teen shares in the population and fixed-state effects and also year effects in a second specification (Sabia 2009: Table 4). Sabia found significant disemployment elasticities of )0.092 when year effects were excluded and )0.126 when they were included. Sabia did not, however, allow for heterogeneous trends in the places that increased minimum wages. We show here that the absence of such controls produces misleading infer- ence.

Neumark and Wascher (2007a) used pooled national time-series cross-sec- tion CPS data on individuals and include state- and year-fixed effects in their specifications. They estimate a negative employment elasticity of )0.136 among teens, significant at the 10 percent level. As Neumark and Wascher (2007b, 2008) document, numerous studies have used the same data and specification, although many do not include year effects. We shall refer to estimation methods that employ national panels with state- and year-fixed effects as the canonical model.

#### A2 Orrenius and Zadovny

Orrenius and Zavodny (2008, 2010) consider the effect of minimum wages on teen employment using the canonical model, but with an expanded set of business cycle controls beyond a single state-level unemployment rate. In that sense, this work is similar in spirit to our paper. However, instead of specific business cycle measures, we use proximity and long-term trends to control for unobserved labor market heterogeneity. Although their business cycle controls typically do not make a substantial difference to their estimated minimum wage effects, we show that our controls for spatial heterogeneity do so.

#### Wage increases and no disemployment effect

Several other papers have recently also looked at teen employment and min- imum wages. A notable example is Giuliano (2007), who examined the effects of a federal minimum wage shock on employment across establishments of a single retailer in different areas of the United States. Giuliano found that over- all employment and the teen share of employment increased where the mini- mum wage led to a greater increase in the relative wage for teenagers. While this paper offers many valuable insights into the effects of the minimum wage within a single company, it does not tell us about the broader effects on all teens.

#### Prefer – business cycles and indexation

In addition to addressing the issues of heterogeneity and selectivity, this paper expands the literature by addressing the topical issues of business cycle dynamics and indexation. The timing of minimum wage increases is often criticized, especially during recessions and periods of relatively high unemployment. Historically, increases in the minimum wage have not occurred at regular intervals. For example, the Fair Minimum Wage Act of 2007 was passed after a decade of federal inaction. The Act consisted of three consecutive 70¢ annual increases. The three phases, which were imple- mented in July 2007, July 2008, and July 2009, increased the minimum wage from $5.15 to $7.25 during a time of recession and increasingly higher unemployment.

Minimum wage increases are often implemented with a lag after they have been enacted. As a result, as Reich (2009) shows, they are often enacted when the economy is expanding and unemployment is low. But, by the time of implementation, the economy may be contracting and unemployment increasing, possibly leading to a spurious time series correlation between minimum wages and employment. This issue also raises the question of het- erogeneous effects of the minimum wage between booms and downturns, something we address in this paper. We interact the minimum wage with the overall unemployment rate in the state to test whether minimum wage increases affect teen outcomes differentially in high versus low unemploy- ment periods.

#### Prefer – spatial heterogeneity

THE EMPLOYMENT LEVEL OF TEENS HAS FALLEN PRECIPITOUSLY IN THE 2000S, coincid- ing with the growth of state and federal minimum wages. But are the two causally related? Previous research on the effects of minimum wage policies on teen employment has produced conflicting findings. One set of results— statistically significant disemployment effects with employment elasticities in the ‘‘old consensus’’ range of )0.1 to )0.3—is associated with studies that focus on teens and that use national-level household data (usually the Current Population Survey). These studies include state- and year-fixed effect controls to identify minimum wage effects. Another set of results—employment effects that are close to zero or even positive—are associated with studies that focus on low-wage sectors such as restaurants. These studies typically draw only on local comparisons and use employer-based data to identify minimum wage effects.1

The inconsistent findings may arise from differences in the groups being examined and ⁄ or differences in the datasets that are used. However, recent stud- ies suggest other possibilities (Dube, Lester, and Reich 2010a,b). Lack of con- trols for spatial heterogeneity in employment trends generates biases toward negative employment elasticities in national minimum wage studies. Such heter- ogeneity also generates overstatement of the precision of local studies.

In this paper, we seek to address and resolve the conflicting findings by using CPS data on teens from 1990 to 2009 to examine heterogeneity and selectivity issues. More specifically, we consider whether the source of identi- fying variation in the minimum wage is coupled with sufficient controls for counterfactual employment growth. With the addition of these controls, we are able to reconcile the different findings in the literature, identify the limitations of the previous studies, and provide improved estimates.

Our central argument concerns the confounding effects of heterogeneous patterns in low-wage employment that are coupled with the selectivity of states that have implemented minimum wage increases. The presence of heterogene- ity is suggested by Figure 1 and Table 1, which show that employment rates for teens vary by Census division and differentially so over time. The differ- ences over time are not captured simply by controls for business cycles, school enrollment rates, relative wages of teens, unskilled immigration, or by the timing of federal minimum wage increases.2

To examine the importance of spatial heterogeneity more systematically, we begin with the canonical specification of minimum wage effects. We estimate the effects on teen earnings, employment, and hours with national CPS panel data and control for state- and year fixed-effect variables. We then add two sets of controls, separately and together: (1) allowing for Census division-spe- cific time effects, which sweeps out the variation across the nine divisions and thereby controls for spatial heterogeneity in regional economic shocks; and (2) including a state-specific linear trend that captures long-run growth differences across states. The inclusion of these geographic controls changes the estimates substantially.

We find that adding these spatial controls changes the estimated employment elasticity from )0.118 (significant at the 5 percent level) to 0.047 (not signifi- cant). Our results highlight the importance of estimates that control for spatial heterogeneity, even at such coarse levels as the nine Census divisions. These findings suggest that previous studies are compromised by insufficient controls for heterogeneity in employment patterns coupled with selectivity of states experiencing minimum wage hikes. We also estimate a distributed lag specifi- cation to detect pre-existing trends and estimate long-run versus short-run effects. Without spatial controls, the eight quarters prior to the actual policy change are all associated with unusually low (and falling) teenage employ- ment, which provides strong evidence regarding the selectivity of states and the timing of minimum wage increases. But when adequate spatial controls are included, there remains no discernible reduction in employment following the minimum wage increase. Moreover, once spatial heterogeneity is accounted for, long-term effects (of 4 years and longer) are not more negative than contemporaneous ones—in contrast to some findings in the literature.

#### Normal means entails delays in implementation – we shouldn’t do that

The possibility of anticipation can cause problems for estimating the effects of minimum wage increases. In a frictionless labor market, the only wage that matters is the current one. With hiring frictions and⁄or adjustment costs, forward-looking entrepreneurs would partly adjust their hiring practices today in anticipation of an increase in the minimum wage tomorrow. In such an environment, the coefficients associated with the contemporaneous or lagged minimum wages may underestimate the true effects, as employment may have adjusted a priori.10

Unlike in many OECD countries, in the United States most minimum wage adjustments are not automatic. Since ten states have recently implemented indexation, it is possible that recent increases have been more anticipated than earlier ones. To account for the possibility that the recent anticipated increases may be driving results using more current data, we present estimates that (1) exclude states with indexation and (2) differentiate between minimum wage impacts in indexed and non-indexed states. We also use a distributed lag model to detect anticipation effects that would be captured by employment effects associated with leading minimum wage terms.

#### May still reduce hours

Our evidence does not support disemployment effects associated with mini- mum wage increases, but there still may be an effect on hours. Firms may not decrease their demand for workers, but they may decrease their demand for the number of hours teens work. Alternatively, teens may have backward- bending supply schedules and may reduce the hours they offer after a mini- mum wage increase.

#### No gender effect

We turn next to gender patterns in the estimated employment elasticities, which are presented in Table 6, Panel B. In specification 1, the employment effects for all teens are very similar to those for male and female teens sepa- rately and are significant at the 5 or 10 percent levels. For specification 2–4, the effects are not significant, and are all smaller than the measured effects in the first specification. But while specification 1 produces significant disemploy- ment effects for both male and female teens, specification 4 shows no signifi- cant employment effects for either male or female teens. The gap between the estimates from specification 1 and 4 is )0.175 for males and )0.159 for females. These results reinforce our previous finding that controlling for heter- ogeneity in employment patterns is crucial in estimating minimum wage effects. The bias arising from insufficient controls seems to affect estimates similarly for both genders.

Panel C of Table 6 provides the minimum wage effects on hours by gender. The estimate from specification 1 for females is )0.090 (significant at the 5 percent level), which is similar to the overall estimate for the total sample. The estimates from specifications 2–4 are all relatively similar to the overall estimates and they too are not statistically significant. The effect of minimum wages on hours for males is also not distinguishable from zero for any of the four specifications.

#### Positive for white and black teens

In summary, we find that minimum wages for black and white teens do have strong effects on wages while not having any clear negative effect on employ- ment or hours. The bias due to spatial heterogeneity seems particularly large for black teens. The results for Hispanic teenagers are imprecise and fragile when we include spatial controls. As Brown (1999: 2188) also finds, there is an unfortunate but real trade-off between focusing on plausible sources of vari- ation versus estimating impacts on these demographic teen subsamples.

#### Using Neumark’s data, but adding the controls, reduced unemployment effect to zero

We examine next whether increases in the minimum wage have similar effects across studies and time periods that incorporate analogous controls for spatial heterogeneity. The fixed-effect models without and with controls for division-specific time controls and state-specific time trends in our study are similar to those used in Dube, Lester, and Reich (2010a), although their time frame (1990–2006) is shorter. Although the restaurant-based elasticities in the table are not exactly comparable to the teen-based elasticities, they do offer insight into the outcomes generated by using similar model specifications and controls. As already mentioned, the present study is comparable to Neumark and Wascher (2007a). They also used CPS data on teens, although for different years (1997–2005), and two specifications that are similar to ours.

Table 8 compares employment elasticities for our main results along with those of Dube, Lester, and Reich (2010a) and Neumark and Wascher (2007a). The first row repeats from Table 3 our results for 1990–2009. For comparabil- ity with the restaurant study, we present in the second row our results when we restrict the sample to 1990–2006. The third row provides the restaurant results. The fourth row provides our results when we restrict our sample to 1997–2005, the same years as Neumark and Wascher, whose results are in the fifth row. The remaining rows are included to illustrate the stability of the estimates using other panel years and the CPS teen data.

Results from specification 1 are similar across our study and the Dube, Lester, and Reich (2010a) restaurant study: they indicate large and significant negative employment effects in the typical range of a 1–3 percent from a 10 percent increase in the minimum wage. When the division control (specifica- tion 2) is added, results from the present study and from Dube, Lester, and Reich show that the economic effects are reduced substantially and that they are not statistically distinguishable from zero. Adding state-specific time trend controls without division controls (specification 3) also renders the employ- ment outcomes in each study insignificant and smaller in absolute value. With the addition of division-specific and state-specific time controls included in specification 4, the point estimates are not significant. In Dube, Lester, and Reich, and in this paper, employment elasticities more negative than )0.05 can be ruled out at the 10 percent level.

#### Longer time period made a difference

The results also caution us against relying just on state linear trends to con- trol for heterogeneity, especially when using a short panel, as in Neumark and Wascher (2007a). When census division controls are not included, the results from 1997 to 2005 look quite different from the longer 1990–2009 panel. Shorter panels with 8 years or less of data seem to be sensitive to small devia- tions in the sample period, but that is not the case for panels with 15–20 years of data. Generally speaking, our preferred specification 4 tends to be more stable across time periods than does specification 3 with just state linear trends. The range of coefficients for specification 3 across different sample periods is ()0.155, 0.068), a spread of 0.223. The range for specification 4 is ()0.1, 0.057) for a smaller spread of 0.157. While linear trends do a good job of eliminating long-term trend differences across states in longer panels, they are a less valuable means of controlling for spatially correlated shocks, and they are estimated poorly in shorter panels.

#### No effect on hours

Further evidence on the bias in the canonical fixed-effects model comes from our dynamic specifications using distributed lags. The time path of teen employment around the minimum wage change in the canonical specification indicates that teen employment was unusually low and falling substantially prior to the actual increase. We can rule out an anticipation effect explanation since inclusion of spatial controls renders the lead terms close to zero. The effect on hours is also close to zero once spatial controls are added. Overall, the evidence strongly points to the failure of the canonical fixed-effects specification to control for the heterogeneity and selectivity of states where minimum wages increased during this period.

### Schmitt 13

Schmitt 13 [John Schmitt (Senior Economist at the Center for Economic and Policy Research in Washington, D.C.) Why Does the Minimum Wage Have No Discernible Effect on Employment? Center for Economic and Policy Research 2013] AJ

Aa

#### Prefer meta studies

Meta-studies are “studies of studies” that use a set of well-defined statistical techniques to pool the results of a large number of separate analyses. Meta-study techniques effectively increase the amount of data available for analysis and can provide a much sharper picture of statistical relationships than is possible in any individual study. Meta-studies are widely used in medicine, where the results of many small clinical trials can be combined to produce much more accurate estimates of the effectiveness of different kinds of treatments.

#### Dube et al 10 is huge

Probably the most important and influential paper written on the minimum wage in the last decade was Dube, Lester, and Reich (2010)'s study,21 which offered a comprehensive reappraisal of both the new minimum wage research and its critics. The study was built around a key methodological innovation, which essentially generalized Card and Krueger's New Jersey study to make it nationally representative, and identified a significant weakness in much of the earlier minimum-wage research based on the analysis of state employment patterns, which had failed to control for regional differences in employment growth that were unrelated to the minimum wage.

The most convincing critique of Card and Krueger's (1994, 2000) study of the increase in the New Jersey minimum wage (relative to Pennsylvania, where the minimum wage did not go up) was that it is difficult to generalize from a single case study. Even a perfect experiment will have random error that could affect the results in a single experiment. Imagine that the minimum wage had a small, but real, negative employment effect. Random errors will lead the results of separate tests to be distributed around this hypothetical negative employment effect, sometimes producing a larger disemployment effect than the "true" level, sometimes producing a smaller disemployment effect than what is "true" – even zero or positive measured disemployment effects. By this thinking, Card and Krueger's experiment could have been perfectly executed, but still represent only one result from a distribution of possible outcomes. Absent other information, the best estimate of the true effect of the minimum wage would be Card and Krueger's actual results, but we cannot convincingly rule out, based on that single case, that the effects were in truth larger or smaller than what was observed in the case of New Jersey in 1992.

In recognition of this problem, Dube, Lester and Reich (2010) essentially replicated Card and Krueger's New Jersey-Pennsylvania experiment thousands of times, by comparing employment differences across contiguous U.S. counties with different levels of the minimum wage. The three economists carefully constructed a data set of restaurant employment in every quarter between 1990 and 2006 in the 1,381 counties in the United States for which data were available continuously over the full period.22 They also matched these employment data with the level of the federal or state minimum wage (whichever was higher) in the county in each quarter of each year in the sample. They then compared restaurant employment outcomes across a subset of 318 pairs of bordering counties where the prevailing minimum wage could differ, depending on the level of the federal and

state minimum wage.

Their methodology effectively generalizes the Card and Krueger New Jersey-Pennsylvania study, but with several advantages. First, the much larger number of cases allowed Dube, Lester, and Reich to look at a much larger distribution of employment outcomes than was possible in the single case of the 1992 increase in the New Jersey minimum wage. Second, since they followed counties over a 16- year period, the researchers were also able to test for the possibility of longer-term effects. Finally, because the relative minimum wage varied across counties over time, the minimum wage in a particular county could, at different points in time, be lower, identical to, and higher than the minimum wage in its pair, providing substantially more experimental variation than in the New Jersey-Pennsylvania (and many similar) studies. Using this large sample of border counties, and these statistical advantages over earlier research, Dube, Lester, and Reich "...find strong earnings effects and no employment effects of minimum wage increases."23

Dube, Lester, and Reich's study also identified an important flaw in much of the earlier minimum- wage research based on the analysis of state-level employment patterns. The three economists demonstrated that overall employment trends vary substantially across region, with overall employment generally growing rapidly in parts of the country where minimum wages are low (the South, for example) and growing more slowly in parts of the country where minimum wages tend to be higher (the Northeast, for example). Since no researchers (even the harshest critics of the minimum wage) believe that the minimum wage levels prevailing in the United States have had any impact on the overall level of employment, failure to control for these underlying differences in regional employment trends, Dube, Lester, and Reich argued, can bias statistical analyses of the minimum wage. Standard statistical analyses that do not control for this "spatial correlation" in the minimum wage will attribute the better employment performance in low minimum-wage states to the lower minimum wage, rather than to whatever the real cause is that is driving the faster overall job growth in these states (good weather, for example). Dube, Lester, and Reich use a dataset of restaurant employment in all counties (for which they have continuous data from 1990 through 2006), not just those that lie along state borders and are able to closely match earlier research that finds job losses associated with the minimum wage. But, once they control for region of the country, these same earlier statistical techniques show no employment losses. They conclude: "The large negative elasticities in the traditional specification are generated primarily by regional and local differences in employment trends that are unrelated to minimum wage policies."24, 25

#### Localized case study that didn’t study only disemployment or hours decreases – goes aff

Barry Hirsch, Bruce Kaufman, and Tatyana Zelenska (2011) studied the impact of the 2007-2009 increases in the federal minimum wage on a sample of 81 fast-food restaurants in Georgia and Alabama. In principle, the size of the minimum-wage increase was identical across all the restaurants studied, but, in practice, the impact of the increase varied because there was significant variation in pay across the restaurants. Their paper makes an important contribution to the policy debate because it seeks to shift the discussion toward understanding why, in their words, "[d]espite decades of research, pinning-down the labor market effects of [the minimum wage] has proven elusive."30 In particular, they propose looking at a range of possible "channels of adjustment" to minimum wage increases and examine evidence on some of these potential channels.

Hirsch, Kaufman, and Zelenska gathered two kinds of data. The first were electronic payroll data obtained from the three owners of the 81 establishments. The data covered a three-year period from January 2007 through December 2009, which brackets the July 2007, July 2008, and July 2009 increases in the federal minimum wage. These data allowed the researchers to conduct before-and- after tests of changes in wages and employment at the restaurants. If the minimum wage had a negative effect on employment, they would expect to observe larger increases in wages at the lower- wage restaurants, accompanied by bigger declines in employment. In fact, they found: "...in line with other recent studies, that the measured employment impact is variable across establishments, but overall not statistically distinguishable from zero. The same absence of a significant negative effect is found for employee hours, even when examined over a three-year period."31

Hirsch, Kaufman, and Zelenska also collected data through separate interviews with managers and employees, using a survey designed to investigate channels of adjustment to the minimum wage – other than changes in employment or hours.32 The other channels they considered included: price increases; changes to the internal wage structure (including slower pay increases for higher-wage workers); reductions in turnover; "operational and human resource efficiencies;" reductions in non- labor costs; reductions in customer service; and lower profits.

After analyzing the establishment data on wages, employment, and hours, Hirsch, Kaufman, and Zelenska concluded that while wages did rise after the federal minimum-wage increase, any employment and hours changes were not statistically distinguishable from zero. Based on the rest of the information they gathered in their survey and interviews with employers and employees, they write:

"...our study offers a new [three-part] explanation for the small and insignificant [minimum wage] employment effects found in the literature... first... is that even large increases in the [minimum wage] may be modest as compared to other cost increases that business owners must routinely offset or absorb... The second is that a [minimum-wage] cost increase flows through more adjustment channels than economists have typically considered. And the third is that managers regard employment and hours cuts as a relatively costly and perhaps counter-productive option, regarding them as a last resort."33

Hirsch, Kaufman, and Zelenska’s empirical investigation of the wage, employment, and other impacts of the federal minimum wage is subject to a number of reasonable critiques. The most important of these (as was the case with Card and Krueger's 1994 and 2000 New Jersey studies) is that it is difficult to generalize from only one minimum wage experiment, particularly when the analysis is based on the experience of only 81 restaurants, all in the same chain, all owned by a only three franchisees in just two states. Nevertheless, the employment effects they find lie at the consensus estimate in the two most recent meta-studies: little or no negative employment outcomes. The key contribution of this paper, however, is its focus on the wide range of ways that employers respond to minimum-wage increases other than adjusting employment or hours.

#### LW good (institutional model) – causal warrants – example, LW forces other efficiency adjustments

This institutional approach to the labor market allows for several additional channels of adjustment to a minimum-wage increase. Probably the most important of these concern productivity. Employers may respond to a minimum-wage increase by exerting greater managerial effort on productivity-enhancing activities, including the reorganization of work, setting higher performance standards, or demanding greater work intensity. In the competitive model, firms are assumed already to be operating at peak efficiency, but in the institutional framework, firms are assumed to often operate below their peak efficiency because it is costly to managers and to workers to identify, implement, and maintain practices that continuously maximize efficiency.38 In this context, a minimum-wage increase gives new incentives to employers to undertake additional productivity- improving practices. Alternatively, a higher minimum wage may also boost productivity through "efficiency wage" effects. A strong theoretical and empirical basis exists for the idea that wages set above the competitive market rate can induce workers to work harder,39 either to ensure that they keep their job40 or in reciprocity for the higher wages paid.41, 42

Another important potential channel of adjustment in the institutional model is the possibility that a higher minimum wage, by increasing spending power of low-wage workers, might act as a form of economic stimulus, spurring greater demand for firms' output, at least partially offsetting the rise in wage costs.43

As a result of these various alternative channels of adjustment, the institutional model suggests that the minimum wage "may have, particularly in the short-run, an approximately zero or small positive employment effect."44

#### Dynamic monopsony model

The key difference between the standard competitive model and the monopsony model concerns the circumstances employers face when it comes to recruiting and retaining staff. In the competitive model, employers can hire all the labor they desire by paying the prevailing market wage; and, in the event that a worker quits, employers can instantly replace that worker with an identically productive worker at the same wage. By contrast, in the dynamic monopsony model, employers, even those operating in low-wage labor markets, face real costs associated with hiring new workers. These costs flow from inevitable frictions in the labor market. Workers incur costs (time, effort, financial expenditures) to find job openings; and, workers must limit their job searches to openings that fit their geographic, transportation, and scheduling constraints. To overcome these frictions, employers must either pay above the going wage (to draw extra attention to the particular vacancy) or wait (with implied costs in lost output) until they are able to fill the vacancy with a worker willing to accept that particular opening at the going rate.

At first glance, these frictions seem to work against low-wage employers, who must pay higher wages to attract additional workers. In reality, however, these frictions put low-wage workers at a significant disadvantage relative to their employers. Employers must pay above the going rate to fill vacancies quickly (or wait longer until the vacancy is filled at the going rate) because unemployed workers face real barriers (transportation, scheduling, information, financial, and others) to locating suitable jobs. Low-wage employers are well-positioned to take advantage of these difficulties. Even though employers must pay new workers a higher wage to fill a vacancy quickly, employers are able to pay their current workers – who had to overcome various frictions to find their current job – below their "marginal product."

In the monopsony model, employers are unlikely to pay higher wages in order to fill vacancies because they would then have to raise the pay of their existing workers to match the pay offered to their last hire. As a result, in monopsonistic settings, employers habitually operate with unfilled vacancies, rather than raising the wage for their entire workforce. In this context, raising the minimum wage can actually increase employment by raising the wages of the existing workforce to the "competitive" level (no existing jobs are lost because these workers were being paid below their "marginal product") and filling existing vacancies (which increases overall employment).46

#### A2 reduction in nonwage benefits

The empirical evidence, however, points to small or no effects along these lines. Based on their review of research as of the mid-1990s, Card and Krueger conclude: "The quantitative importance of nonwage offsets in response to a minimum-wage increase is an open question."53 Their own study of fast-food restaurants in New Jersey showed no tendency for employers to cut the most common nonwage benefit offered, which was free or low-priced meals.54 Simon and Kaestner's somewhat more recent review of the "relatively few studies of the effect of minimum wages on fringe benefits and working conditions"55 also reports small or no effects of the minimum wage on nonwage benefits.56 Simon and Kaetner's own analysis of data from the Current Population Survey found that: "...minimum wages have had no discernible effect on fringe benefits (specifically, on the receipt of health insurance, on whether the employer paid the whole premium cost, on whether family health insurance was provided, and on receipt of employer pensions)."57

#### A2 lower training

The empirical evidence is not conclusive. In their review of the recent research on the minimum wage and training, Neumark and Wascher write: "Summing up all of the evidence on training, we can only conclude that the evidence is mixed. Our own research tends to find negative effects of minimum wages on training, but most of the other recent research finds little evidence of an effect in either direction."58

One reason that the research has not identified clear effects of the minimum wage on training may be that the institutional model provides a better description of the labor market than the standard competitive model. In the institutional model, employers may respond to a higher wage floor by increasing training for low-wage workers in order to raise their productivity to a level commensurate with their new, higher earnings.59

#### A2 hurts less skilled workers

As Allegretto, Dube, and Reich note, however, a theoretical case can be made that minimum wages might instead improve the relative employment prospects of disadvantaged workers: "An alternative view suggests that barriers to mobility are greater among minorities than among teens as a whole. Higher pay then increases the returns to worker search and overcomes existing barriers to employment that are not based on skill and experience differentials."62 A higher minimum wage could help disadvantaged workers to cover the costs of finding and keeping a job, including, for example, transportation, child-care, and uniforms.

Allegretto, Dube, and Reich's (2011) own research on the employment effect of the minimum wage on teens looks separately at the effects on white, black, and Hispanic teens. For the period 1990 through 2009, which includes three recessions and three rounds of increases in the federal minimum wage, they find no statistically significant effect of the minimum wage on teens as a whole, or on any of the three racial and ethnic groups, separately, after they control for region of the country. Using a similar methodology, Dube, Lester, and Reich (2012) detect no evidence that employers changed the age or gender composition in the restaurant sector in response to the minimum wage. In a study of detailed payroll records for a large retail firm with more than 700 stores, Laura Giuliano (2012) found that teens from more affluent areas increased their labor supply (and employment) after the 1996-1997 increases in the minimum wage, while employment of teens in less affluent areas experienced no statistically significant change in employment. Recent research by Sabia, Burkhauser, and Hansen (2012) finds job losses among younger, less-educated workers, but not older, less- educated workers. The Sabia, Burkhauser, and Hansen findings, however, are subject to the critiques mentioned earlier – they find job losses well outside the range of the bulk of earlier research and their results are based on a single state-level experiment with the minimum wage and may not be representative.

#### A2 Higher prices

Sara Lemos has conducted a comprehensive review of the 30 or so academic papers on the price effects of the minimum wage. She concludes: "Despite the different methodologies, data periods and data sources, most studies reviewed above found that a 10% US minimum wage increase raises food prices by no more than 4% and overall prices by no more than 0.4%"; and "[t]he main policy recommendation deriving from such findings is that policy makers can use the minimum wage to increase the wages of the poor, without destroying too many jobs or causing too much inflation."63 Neumark and Wascher agree with Lemos's assessment about the likely price effects (while disagreeing with her conclusions about the overall usefulness of the minimum wage): "Both because of the relatively small share of production costs accounted for by minimum wage labor and because of the limited spillovers from a minimum wage increase to wages of other workers, the effect of a minimum wage increase on the overall price level is likely to be small."64 Other recent research by Daniel Aaronson, Eric French, and James MacDonald on restaurant pricing, a sector with a high share of low-wage workers suggests that the price effects are likely to be lower than the upper bounds suggested by Lemos. Aaronson, French, and MacDonald "find that a 10 percent increase in the minimum wage increases prices by roughly 0.7 percent."65

#### LW forces improvements in efficiency

The "institutional" model of the labor market suggests that employers may respond to a minimum- wage increase with efforts to improve operational efficiency including "tighter human resource practices..., increased performance standards and work effort, and enhanced customer services."66 Employers might prefer these kinds of adjustments to cutting employment (or hours) because employer actions that reduce employment can "hurt morale and engender retaliation"67 In institutional models – different from competitive models where firms are always assumed to be operating at peak efficiency – firms generally have some scope for increasing output, albeit usually at a cost of greater managerial effort.

Little direct evidence exists on operational and human resource efficiencies as a channel of adjustment. Hirsch, Kaufman, and Zelenska's study of the impact of the federal minimum-wage increase on 81 fast-food restaurants in Georgia and Alabama, however, asked fast-food managers specifically about scope for efficiency improvements in response to the minimum-wage rise. About 90 percent of managers indicated that they planned to respond to the minimum-wage increase with increased performance standards such as "requiring a better attendance and on-time record, faster and more proficient performance of job duties, taking on additional tasks, and faster termination of poor performers."68 Roughly the same share of managers said that they sought to "boost morale" by presenting the minimum-wage increase as a "challenge to the store" and using this as a way "to energize employees to improve productivity"69 Based on their interviews with store managers, Hirsch, Kaufman, and Zelenska suggest that a minimum-wage increase may function as a "catalyst or shock that forces managers to step out of the daily routine and think about where cost savings can occur." 70, 71

#### Wage compression might occur

Employers faced with higher wage costs for their low-wage workers may also seek to make up for these costs by cutting the earnings of higher-wage workers. Large changes over time within the United States, as well as large differences across countries, in the relative pay of high- and low-wage workers suggest that employers have some scope in setting relative wages. In the specific context of a minimum-wage increase, Hirsch, Kaufman, and Zelenska found that almost half of the employers they interviewed said that, in the wake of a federal minimum-wage increase, they "would delay or limit pay raises/bonuses for more experienced employees."74 Broader studies of the U.S. economy also conclude that the minimum wage compresses the overall wage distribution.75 These empirical findings give some support to the possibility that employers may compensate for higher wage costs at the bottom by cutting wages of workers who nearer to the top.

#### Employers will take the profits hit

Employers may also absorb the extra costs associated with a minimum-wage increase by accepting lower profits.76 Unfortunately, "there is almost a complete absence of any study directly examining the impact of minimum wages on firm profitability"77 Card and Krueger (1995) report the results of several attempts to analyze the impact of minimum-wage increases on firm profits in the United States, but found only a "mixed" and "tentative" effect. More recently, Mirko Draca, Stephen Machin, and John Van Reenen analyzed British firm-level data and concluded that "wages were significantly raised, and firm profitability was significantly reduced by the minimum wage introduction." 78

#### Acts as economic stimulus

Particularly when the economy is in a recession or operating below full employment, a minimum- wage increase may also increase demand for firms' goods and services, offsetting the increase in employer costs.

Since the minimum wage transfers income from employers (who generally have a high savings rate) to low-wage workers (who generally have a low savings rate), a minimum-wage rise could spur consumer spending. This increase in spending could potentially compensate firms for the direct increase in wage costs.

Doug Hall and David Cooper (2012), for example, estimate that an increase in the minimum-wage from its current level of $7.25 per hour to $9.80 per hour by July 2014 would increase the earnings low-wage workers by about $40 billion over the period. The result, they argue, would be a significant increase in GDP and employment: "Using... standard fiscal multipliers to analyze the jobs impact of an increase in compensation of low-wage workers and decrease in corporate profits that result from a minimum-wage increase, we find that increasing the national minimum wage from $7.25 to $9.80... would result in a net increase in economic activity of approximately $25 billion over the phase-in period and... generate approximately 100,000 new jobs."79

#### Why there are such small effects – employers use multiple methods to adjust to LW

Across all of the empirical research that has investigated the issue, minimum-wage increases are consistently associated with statistically significant and economically meaningful increases in the wages of affected workers. At the same time, what is striking about the preceding review of possible channels of adjustment – including employment – is how often the weight of the empirical evidence is either inconclusive (statistically insignificant or positive in some cases and negative in others) or suggestive of only small economic effects.

One plausible explanation for these findings is that employers (and workers) respond on multiple fronts to any increase in the minimum wage. Individual establishments will follow different paths that depend on a complex set of circumstances that economists – operating with what is, even in the best of circumstances, a limited set of data – cannot fully capture or explain. Some employers may cut hours; others, fringe benefits; still others, the wages of highly paid workers. Some employers may raise prices (particularly if their competitors are experiencing similar cost increases in response to the minimum wage). Some employers may see their profits fall (along with those of their competitors), while others may reorganize the work process in order to lower costs. Some of the strongest evidence suggests that many employers may experience declines in costly turnover. And workers may respond to the higher wage by working harder. Any of these channels might be sufficient to eliminate the need for employment cuts or reduce the size of employment cuts to a level below where they can be reliably measured.

Employers and workers at the same establishment may follow more than one of these adjustment paths at the same time. Given the modest costs associated with historical increases in the minimum wage, it seems entirely plausible that small adjustments across a few of these margins could more than compensate for the higher wage floor.

#### Why there is such a low cost shock

Economists have conducted hundreds of studies of the employment impact of the minimum wage. Summarizing those studies is a daunting task, but two recent meta-studies analyzing the research conducted since the early 1990s concludes that the minimum wage has little or no discernible effect on the employment prospects of low-wage workers.

The most likely reason for this outcome is that the cost shock of the minimum wage is small relative to most firms' overall costs and only modest relative to the wages paid to low-wage workers. In the traditional discussion of the minimum wage, economists have focused on how these costs affect employment outcomes, but employers have many other channels of adjustment. Employers can reduce hours, non-wage benefits, or training. Employers can also shift the composition toward higher skilled workers, cut pay to more highly paid workers, take action to increase worker productivity (from reorganizing production to increasing training), increase prices to consumers, or simply accept a smaller profit margin. Workers may also respond to the higher wage by working harder on the job. But, probably the most important channel of adjustment is through reductions in labor turnover, which yield significant cost savings to employers.

## Neg

### Devinatz 13

Devinatz 13 [Victor G. Devinatz (Department of Management and Quantitative Methods, Illinois State University). “The Significance of the Living Wage for US Workers in the Early Twenty-First Century.” Employ Respons Rights J (2013) 25:125–134. 24 March 2013] AJ

#### Inequality and low wages are growing problems

Devinatz 13 [Victor G. Devinatz (Department of Management and Quantitative Methods, Illinois State University). “The Significance of the Living Wage for US Workers in the Early Twenty-First Century.” Employ Respons Rights J (2013) 25:125–134. 24 March 2013] AJ

Wage inequality has been rapidly increasing in the United States over the last 40 years. From 1973 to 2007, for example, the average income of the top one-hundredth of the top 1 % climbed in excess of $30 million or a startling 758 %. The bottom 90 % of the wage distribution was much less fortunate. This group’s average income over these 34 years rose only $286 or under 1 %. This means that their average yearly increase amounted to a measly $8.41 (Johnston 2009). In addition to this widening wage inequality, during the Great Recession of 2007 to 2009, which was made substantially worse by the Financial Crisis of 2008, 40 % of the jobs that vanished were in high-wage industries, characterized as positions that compensated employees, on average, from $19.05 to $31.40 per hour (National Employment Law Project 2011, p. 1). Over the last 3 years, jobs have slowly been returning to the U.S. economy after the hemorrhaging of hundreds of thousands of jobs throughout the latter part of 2008 and the first few months of 2009. Many of these newly-created positions, however, are found in low-wage industries (ranging in pay on average from $9.03 to $12.91 per hour) which comprise 49 % of recent job growth (National Employment Law Project 2011, p. 1). And with the current unemployment rate of 7.9 % (February 2013), it is still difficult to land any job, much less one that pays well. One major problem is that many of these recently-created jobs do not pay enough to cover their employees’ living expenses. Based on a Wider Opportunities for Women report from 2011, single workers need at least $30,000 a year to meet the required cost of living. With regards to single parents who have two children and for two-income households, the yearly salaries needed to meet necessary expenditures, including childcare, rises to $58,000 and $68,000, respectively (Wider Opportunities for Women 2011, p. 5). Given that the U.S. minimum wage is currently at $7.25 per hour, working 40 h per week for the entire year grosses $15,080 annually which is far below the amount that even single workers require for the basic necessities. Combining these employment and wage statistics with the fact that, according to the Bureau of Labor Statistics, in 2011 approximately 48 % of Americans were classified as poor or low income (Seales 2011), it is little wonder that so many people are experiencing a high level of insecurity in a land of accelerating economic inequality. Since the minimum wage, as has been demonstrated, is far from adequate in serving as a wage floor, a modest alternative, the living wage, can play this role for many US workers early in the twenty-first century’s second decade. Defined as a wage based on a calculation of the official poverty threshold for a family of four, the living wage is centered on the concept that people who work full-time jobs, and their families, should not be forced to live in poverty. Although the struggle for a living wage has its historical roots in the fight for the establishment of minimum wage laws in the early decades of the 20th century, the first success of the present-day living wage movement dates to 1994 with its implementation in Baltimore (Levin-Waldman 2005, pp. 3–4). Economic changes in the latter part of the twentieth century have contributed to the growth of living wage movements and the passage of corresponding statutes within the last 20 years. Over the last several decades, federal and state minimum wages have failed to match increases in the cost of living, resulting in these poorly paid workers falling well below the poverty line. Additionally, beginning in the 1990s, many public services once provided by municipal governments have been privatized and outsourced. This has resulted in the transfer of thousands of government jobs to private- sector contractors who are able to pay their employees considerably less because they are neither bound by civil service rules nor union contracts (Pollin et al. 2008, p. 16; Levin- Waldman 2005, p. 4). In addition to the dramatic decline in the purchasing power of low-wage workers over the last 40 years, the movement has resonated with citizens and public officials due to a corresponding quickening in wage and income inequality in the United States. For example, although average US labor productivity expanded by approximately 80 % from 1968 to 2001, the minimum wage failed to keep pace with such rapid growth. The minimum wage’s real value peaked in 1968 when it was $1.65 per hour (or $8.39 in constant 2001 dollars or $10.74 in constant 2012 dollars). At the 1968 level, the minimum wage approximated the accepted poverty threshold for a four-person family. However, by 2001, its purchasing power had plummeted some 37 % when it was $5.15 per hour. At this wage level, a full- time worker employed for 52 weeks a year earned $10,712 annually, some 12.2 % below the 2001 national poverty level for a family of two (one adult and one child). However, many researchers argue that the officially determined poverty rates are established at a rate of 25 to 50 % too low (Pollin 2005, p. 4).

#### LW Def

Devinatz 13 [Victor G. Devinatz (Department of Management and Quantitative Methods, Illinois State University). “The Significance of the Living Wage for US Workers in the Early Twenty-First Century.” Employ Respons Rights J (2013) 25:125–134. 24 March 2013] AJ

Defined as a wage based on a calculation of the official poverty threshold for a family of four, the living wage is centered on the concept that people who work full-time jobs, and their families, should not be forced to live in poverty. Although the struggle for a living wage has its historical roots in the fight for the establishment of minimum wage laws in the early decades of the 20th century, the first success of the present-day living wage movement dates to 1994 with its implementation in Baltimore (Levin-Waldman 2005, pp. 3–4).

#### LW lowers poverty and strengthens growth. Negative effects are over-pronounced – best and most recent data

Devinatz 13 [Victor G. Devinatz (Department of Management and Quantitative Methods, Illinois State University). “The Significance of the Living Wage for US Workers in the Early Twenty-First Century.” Employ Respons Rights J (2013) 25:125–134. 24 March 2013] AJ

According to Freeman (2005, p. 23), most studies examining the economic effects of living wage ordinances find minimal job loss or other negative consequences in spite of the mandated increased wages. This is undoubtedly due to the relatively small number of persons covered by such laws as already mentioned. Many individual studies support Freeman’s (2005) conclusion. In a study involving data from the Current Population Survey (CPS) from January 1996 through December 2000, Neumark and Adams (2003, p. 561) discovered relatively weak disemployment effects due to wage increases from the implementation of living wage laws. They conclude, however, that the greatest disemployment effects occur among low-skilled workers. In a review article on the economic effects of living wage statutes, Adams and Neumark (2004, p. 236) arrive at two additional conclusions. While living wage ordinances increase the pay of low-wage workers, such statutes also compress the wage structure. Additionally, although living wage ordinances are related to lower employee turnover rates and improvements in employee performance, one should not necessarily assume that the implementation of such laws are costless or bring benefits that outweigh the costs. In an updated analysis by Adams and Neumark (2005, p. 99), these two researchers confirmed their earlier findings that living wage statutes increase the wages of the lowest paid workers although they lead to some job loss among these workers. Moreover, another finding that the implementation of living wage legislation reduces urban poverty was confirmed but more strongly for the laws based on companies receiving financial assistance than for the contractor-only statutes. Finally, Adams and Neumark (2005, p. 99) present new evidence that poverty reduction may occur after living wage law enactment due to other workers receiving wage gains as a result of the passage of living wage laws. In a study examining the growth rates of employment and unemployment before and after the enactment of living wage ordinances in 31 cities, Buss and Romeo (2006) discovered that only a minority of municipalities were negatively impacted by the implementation of these ordinances. Similarly, in a study of 19 California cities, Lester (2011, p. 252) found that the passage of living wage statutes did not negatively affect employment growth. Moreover, the enactment of such statutes also does not significantly damage the municipality’s business climate through establishments leaving the city, except for restaurants.

#### The effect is minimal

Devinatz 13 [Victor G. Devinatz (Department of Management and Quantitative Methods, Illinois State University). “The Significance of the Living Wage for US Workers in the Early Twenty-First Century.” Employ Respons Rights J (2013) 25:125–134. 24 March 2013] AJ

This estimate is consistent with calculating the actual costs of putting living wage statutes into effect. Although the specifics of living wage ordinances vary as discussed above, economic analyses indicate that no matter what statistical sources and research methodologies are utilized, the average cost to most companies affected by living wage statutes is low, ranging somewhere between 1 % and 2 % of an average company’s total operations. Given this figure, most firms would be easily able to absorb these modest cost increases through small boosts in both prices and productivity (Pollin 2005). Of course, if such ordinances required dramatically higher living wages, the costs to firms could be substantially higher than the above estimates.

#### Increase union membership

Devinatz 13 [Victor G. Devinatz (Department of Management and Quantitative Methods, Illinois State University). “The Significance of the Living Wage for US Workers in the Early Twenty-First Century.” Employ Respons Rights J (2013) 25:125–134. 24 March 2013] AJ

Besides boosting wages to the poverty level threshold and providing such things as health care coverage, there are several additional benefits from the implementation of living wage statutes. One positive outcome from the implementation of living wage ordinances is that it has made it theoretically easier for unions to organize low-wage workers because of card check or neutrality provisions, applying to contractors or those companies working on a development project, contained in living wage ordinances. Since the Taft-Hartley Act of 1947 precludes cities or states from compelling companies to recognize these two types of provisions, they can only be included in living wage statutes if it can be demonstrated that without such provisions, work stoppages or industrial disputes would endanger the city’s financial investment. Under a card check agreement, an employer voluntarily agrees to recognize a union without a certification election provided that a majority of the employees have signed cards stating that they want to be represented by a union. With a neutrality provision, the employer agrees to abstain from certain actions used to discourage workers from organizing a union such as holding captive audience meetings where anti-union propaganda would be presented and engaging in either intimidation or harassment of union organizers (Luce 2005, p. 425).

Although gains have been modest, two specific examples of successful union organizing drives connected to living wage campaigns include the organizing of 1,500 city workers by Communication Workers of America Local 7026 in Tucson and the obtaining of union recognition and a contract for 150 van and bus drivers by United Transportation Union Local 23 in Santa Cruz (California). Additionally, living wage campaigns have contributed to victorious unionization efforts in Berkeley and San Jose (California), Chicago and Miami- Dade County (Florida) (Luce 2004, pp. 183–185).

#### Wage increases cause spill-over effects and an upward ripple.

Devinatz 13 [Victor G. Devinatz (Department of Management and Quantitative Methods, Illinois State University). “The Significance of the Living Wage for US Workers in the Early Twenty-First Century.” Employ Respons Rights J (2013) 25:125–134. 24 March 2013] AJ

Living wage statutes also lead to an upward ripple effect meaning that when the lowest paid workers in a company receive raises, higher wage employees will obtain increases as well. Such upward pressure on wages occurs for reasons of equity and for maintaining sufficient wage differentials. Furthermore, wage increases might be given to other low-wage workers employed by the company who are in the same occupational classification as the low-wage workers covered by the living wage ordinance even though they are not working under the city contract. Finally, other employers in the same geographical area, although not affected by the ordinance, may boost wages to effectively compete for comparable employees in the labor market, an economic phenomenon also referred to as a spill-over effect. Paul Osterman’s research on the living wage campaign conducted in the lower Rio Grande Valley in Texas indicated that of every 100 people receiving wage raises due to the implementation of a living wage ordinance, an additional 39 benefit from increased wages due to the ripple or spill-over effects (Luce 2004, p. 191).

#### Enables success of unions and political action groups

Devinatz 13 [Victor G. Devinatz (Department of Management and Quantitative Methods, Illinois State University). “The Significance of the Living Wage for US Workers in the Early Twenty-First Century.” Employ Respons Rights J (2013) 25:125–134. 24 March 2013] AJ

Furthermore, the fight for living wages has contributed to the development of labor- community coalitions which promote broad progressive political agendas, including labor rights, in cities and communities throughout the nation. Examples of concrete gains from such coalitions include playing a major role in the rejuvenation of a vibrant labor movement in Los Angeles; the creation of a Workers Rights Board as a vehicle for promoting workplace justice for nonunion workers in Tucson; and the development of an intimate relationship between the city’s central labor council and ACORN in Boston (Luce 2004, pp. 200–202, 204–205).

#### Employers support minimum wage

Devinatz 13 [Victor G. Devinatz (Department of Management and Quantitative Methods, Illinois State University). “The Significance of the Living Wage for US Workers in the Early Twenty-First Century.” Employ Respons Rights J (2013) 25:125–134. 24 March 2013] AJ

Employers also have acknowledged concrete benefits obtained from the implementation of living wage statutes. And consistent with studies cited earlier, for example, based on a survey of contractors who are covered by a living wage law in Tucson (Arizona), 39 % claimed that there was improved employee morale, 33 % claimed that employee turnover was reduced, 22 % asserted that employee productivity increased and 11 % each stated that there was a reduction in theft and accidents after the enactment of the city’s living wage ordinance (Grant and Trautner 2004, p. 75).

### Implementation Benassi 11

#### No solvency – regulatory mechanisms fail

Benassi 11 [Benassi, Chiara (PhD student in Employment Relations and Organisational Behaviour, London School of Economics). The implementation of minimum wage: Challenges and creative solutions. No. 12. Global Labour University Working Paper, 2011] AJ

A review of academic literature reveals the same gap in the research: the minimum wage issue is widely debated as a matter of policy, but its implementation is often left out. Some authors deal with the question of legitimacy of minimum wage from a philosophical and legal perspective, discussing the minimum wage in reference to the ideal of social justice and of civil rights in different societies (Levin-Waldman 2009; Gaski 2004). The majority of the debate over minimum wage however mainly focuses on its macroeconomic effects. The effect of minimum wage on employment at the national level, as well as its application to specific groups (e.g. youth) or the informal sector represent some of the most controversial matters. Adopting different theoretical approaches, some authors support the negative correlation between employment and minimum wage, while others find no correlation or even positive effects of minimum wage.1 Parallel and equally controversial debates have been conducted on the impact of minimum wage on prices2 as well as on income distribution3. Despite the aforementioned ongoing controversies, discussions about effective minimum wage implementation must also take shape. The research on this issue is still at a very early stage despite the practical relevance of this aspect; however, there are some studies conducted in developing and industrialized countries that report that the presence of legal provisions for minimum wage does not guarantee that it will actually protect the workforce (i.a. Jones 1997; Strobl and Walsch 2001; BIS 2010a). These findings suggest that minimum wage needs further implementation mechanisms besides the traditional legislative top-down approach in order to serve as useful regulation tool.

## Misc

### Neumark

#### Variance in living wage laws

Neumark 12 [Neumark, David, Matthew Thompson, and Leslie Koyle. "The effects of living wage laws on low-wage workers and low-income families: What do we know now?." IZA Journal of Labor Policy 1.1 (2012): 1-34] AJ

Living wage laws have two central features. First, they typically impose a wage floor that is higher – and often much higher – than traditional federal and state minimum wages. For ex- ample, as of the end of 2009 (the end of the sample period in this paper) the minimum wage in California, Illinois, and Massachusetts was $8, whereas the living wage was $12.79 in Bos- ton, $11.03 in Chicago, and $10.30 in Los Angeles.1 Second, coverage by living wage laws is generally quite narrow, but also varies across cities. Most commonly, cities impose wage floors only on companies under contract with the city (sometimes including non-profits). Early estimates of the share of workers covered by “contractor-only” living wage laws in cit- ies with living wage laws hovered around 1%.2 Other cities also impose the wage floor on companies receiving business assistance from the city, almost always in addition to coverage of city contractors. These “business assistance laws” cover firms receiving financial assist- ance, tax abatements, grants, low interest loans, and many other forms of government as- sistance from cities. Finally, a handful of cities require that city employees or employees of municipal leaseholders be paid the mandated living wage.3

#### Fails – 2 warrants

Neumark 12 [Neumark, David, Matthew Thompson, and Leslie Koyle. "The effects of living wage laws on low-wage workers and low-income families: What do we know now?." IZA Journal of Labor Policy 1.1 (2012): 1-34] AJ

While raising wages of low-wage workers via living wages may seem a natural way to fight poverty, there are two reasons why such mandates may not help to achieve this goal, aside from the fact that they do not cover many workers. First, economic theory predicts that be- cause a mandated wage increase operates essentially as a tax on the use of lower-skilled labor, living wages may discourage the use of such labor. Thus, whatever wage gains accrue to workers who retain their jobs must be offset against potential employment (or hours) declines for other workers. The question of whether living wage laws reduce employment of covered workers is probably the central question that has been contested in the research literature.4

Second, living wages may not effectively target low-income families. Broadly speaking, low- wage workers in the United States have large shares from two groups. The first is very young workers who have not yet acquired many labor market skills but who are likely to escape low-wage work as they acquire skills. The second is low-skilled adults who remain mired in low-wage jobs and who – as adults – are much more likely to be in poor families.5 Thus, whether living wages help reduce poverty depends on wage gains and employment losses, and the extent to which the gains from living wages (the wage increases) as opposed to the costs (job loss) fall on individuals in poor families. There is also an issue of the interaction be- tween changes in labor market earnings and changes in government benefits, which we take up in this paper.

#### Unemployment

Neumark 12 [Neumark, David, Matthew Thompson, and Leslie Koyle. "The effects of living wage laws on low-wage workers and low-income families: What do we know now?." IZA Journal of Labor Policy 1.1 (2012): 1-34] AJ

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#### This affects solvency debates

Neumark 12 [Neumark, David, Matthew Thompson, and Leslie Koyle. "The effects of living wage laws on low-wage workers and low-income families: What do we know now?." IZA Journal of Labor Policy 1.1 (2012): 1-34] AJ

The employment effects are estimated using the same basic empirical framework. Be- cause employment is a discrete outcome, the models estimated are linear probability models. Also, given that wages are not observed for the non-employed, wages are imputed for everyone, and the parallel to focusing on low-wage workers in the wage analysis is to focus on low-skill (i.e., low predicted wage) workers in the employment analysis. For living wages generally, the estimated employment effect on those in the bottom decile of the predicted wage distribution is negative and significant at the 5% level at a lag of 12 months, paralleling where the wage results were detected. The esti- mated coefficient of −0.053 implies that a 100% (or one log unit) increase in the living wage reduces employment by 5.3 percentage points. Given an employment rate of 43.4% in the lowest decile of the imputed wage distribution in the data used in this re- gression, this represents a 12% employment reduction, or an elasticity of −0.12.10 When separate effects are estimated for business assistance and contractor-only living wage laws, both estimates are negative, but there is a significant employment effect only for business assistance living wage laws, with an elasticity of −0.17, and a much smaller (and insignificant) estimate for contractor-only laws.11,12

#### Prefer neumark 03

Neumark 12 [Neumark, David, Matthew Thompson, and Leslie Koyle. "The effects of living wage laws on low-wage workers and low-income families: What do we know now?." IZA Journal of Labor Policy 1.1 (2012): 1-34] AJ

After the passage of some time following enactment of the first living wage laws, and some of the earliest simulation studies of living wages, Neumark and Adams (2003a, 2003b) provided the first estimates of the effects of living wages on workers and families, based on longitudinal comparisons between cities where the mandates were and were not intro- duced. These studies are explained in some detail, to set the stage for the discussion of criticism of the data and methods they used, and for the updated analysis that follows. The Neumark and Adams studies covered the inception of living wage laws in the mid-1990s through 2002, using Current Population Survey (CPS) data from the monthly Outgoing Rotation Group (MORG) files, which capture individual wages and employment, and the March Annual Social and Economic Supplement (ASEC) files, which capture family income. The analysis was done at the level of Metropolitan Statis- tical Areas (MSAs) or Primary Metropolitan Statistical Areas (PMSAs), based on where CPS respondents reside. (The CPS does not tell us where people work.) MSAs/PMSAs include areas surrounding the major cities whose living wage laws are studied; but MSA residents who live in suburbs tend to work in the central city, where jobs are con- centrated (Cervero, 2002).

### Neumark 05

#### Turn – wage increases increase poverty

Schweitzer 05 [Neumark, David, Mark Schweitzer, and William Wascher. "The Effects of Minimum Wages on the Distribution of Family Incomes A Nonparametric Analysis." Journal of Human Resources 40.4 (2005): 867-894] AJ

In this paper, we attempt to address a central question regarding the wisdom of the minimum wage as social policy: Do minimum-wage increases raise the incomes of families at the lower end of the income distribution? Although modest dis- employment effects of minimum wages have often been interpreted as implying that minimum wages are likely to achieve this goal, there is little basis for this conclusion in the absence of direct evidence on the effects of the minimum wage on family incomes. The evidence we present comes from nonparametric difference-in-differ- ence estimates of the effects of minimum wages on the income-to-needs distribution and on the distribution of changes in income-to-needs. Our results offer no empirical support for the hypothesis that minimum-wage increases reduce the proportions of poor and low-income families. The evidence on both family income distributions and changes in incomes experienced by families indicates that minimum wages raise the incomes of some poor families, but that the net effect of higher minimum wages is, if anything, to increase the proportions of families that are poor and near-poor. Thus, it would appear that reductions in poverty or near-poverty should not be counted among the potential benefits of minimum wages. Returning to Gramlich's question posed in the Introduction, our findings sug- gests that the efficiency and equity effects of minimum wages point in the same neg- ative direction.

#### Prefer my evidence – several statistical checks to ensure causality. Aff studies are flawed

Schweitzer 05 [Neumark, David, Mark Schweitzer, and William Wascher. "The Effects of Minimum Wages on the Distribution of Family Incomes A Nonparametric Analysis." Journal of Human Resources 40.4 (2005): 867-894] AJ

As in any empirical study that attempts to estimate the causal effect of a policy change, it is important to establish that the estimates represent the real effects of the policy change rather than a spurious relationship. A natural first question to ask is whether there are enough observations on affected families to believe that we can identify the effects of minimum wages. To address this question, the first row of Table 3 reports the share of families that resided in a state-year pair in which the minimum wage increased and that had a worker with a wage less than (or equal to) 110 percent of the minimum wage prior to the increase. This share is quite high among low-income families (between 0.1 and 0.2), although naturallyit declines at higher points in the income dis- tribution. Nevertheless, given the large sample sizes, it would appear that there are plenty of affected observations in each cell of the income-to-needs distribution to reli- ably identify the minimum-wage effects we estimate. For example, referring to the sample sizes in the bottom row, there are 1,343 such observations below poverty, 2,228 poor or near-poor,and 2,432 between 1.5 and 3 times the poverty line. Next, we do a number of analyses to assess whether the relationships reported thus far might be spurious. First, we checked for minimum-wage effects in parts of the income-to-needs distribution where there should be no effects. As can be seen in Figure 1, the estimated changes in the density from three to five times the poverty line are small and, as depicted by the confidence intervals, not statistically significant. Furthermore,although not reported in Table 2, the estimated minimum-wage effects on the density defined over the 3-5 range (as well as over the 3-4 and 4-5 ranges indi- vidually) are always small and statistically insignificant. The fact that we do not find an effect of the minimum wage on the incomes of higher-income families suggests that the changes in the income-to-needs distribution that we find for lower-income families can be attributedto increases in minimum wages.15 As anothercheck on the validity of our estimates, we investigated whether states with larger minimum-wage increases experienced bigger changes in their income-to-needs distributions.Although the "treatment"in our initial analysis is based simply on whether a minimum-wage increase occurred,Table 1 shows that some minimum-wage increases were quite small (for example, 10 cents in Minnesota in 1990) and that others were rel- atively large (for example, 80 cents in New Jersey in 1992). Our non parametric procedure is not designed to take explicit account of continuous variation in the size of the minimum-wage increase. However, we can provide a rough approximation of the importanceof the size of a minimum-wage increase by dividing the sample of state-year observations with minimum-wage increases into those with small increases (less than the median increase of 45 cents) and those with larger increases (greater than or equal to 45 cents), and then recomputing our estimates for these two treatmentsamples, rela- tive to the sample of state-year observations with no minimum-wage increases.16 As would be expected if we are capturing real effects of minimum wages, the esti- mated effects are stronger in the subsample with larger minimum-wage increases. For example, when we restrict the treatment group to those observations with above- median changes in the minimum wage, the estimated effect of minimum-wage increases is to raise the proportion of families in poverty by 0.0120, well above the estimated effect for the entire sample (0.0083) shown in the first row of Table 2. Correspondingly, when we use only the subsample of observations with below- median minimum-wage increases for the treatment group, this estimate falls to -0.0006. Similar patterns are evident for the estimated changes in the proportion poor or near-poor;the estimate in Table 2 is 0.0130, compared with 0.0157 for large min- imum-wage increases, and 0.0076 for small minimum-wage increases. We get the same qualitative (although less sharp) finding for the changes in the proportion between 1.5 and 3 times the poverty line, with estimated effects of -0.0120 for the full sample (Table 2), -0.0121 for the subsample of large minimum-wage increases, and -0.0105 for the subsample of small minimum-wage increases. As a third check on our results, we looked for evidence of spurious "lead" effects of minimum-wage changes on the income-to-needs distribution.In particular,a poten- tial problem with any difference-in-difference estimator is that a different trend in the treatment group than in the control group can lead to a spurious inference about the treatment effect. In our case, if the difference-in-difference procedure generates results indicating that future minimum-wage increases lead to changes in the income- to-needs density, we might conclude that the estimates we reported in Figure 1 are confounding unspecified differential changes over time in the treatment and control groups with the true effects of minimum-wage increases. The results using one-year leads are displayed in Figure 3, and reveal no "effect" of future minimum-wage increases on the income-to-needs density.17 Finally, because our method is something of a "blackbox," the credibility of our find- ing that minimum wages lead to increases in the proportionof poor or near-poor fami- lies would be strengthenedby evidence indicating that low-wage workers suffer income declines when minimum wages increase. In this regard,evidence reported in Neumark, Schweitzer, and Wascher (2004b) shows that the adverse employment, hours, and income effects of minimum wages do indeed fall on workers earning near the minimum.

### Definitions - Wage Indicator 13

#### NOTE – Use this article for specifying the wage line at any country – table at the bottom is best

Guzi 13 [Martin Guzi – WageIndicator Foundation - Masaryk University – Brno - Czech Republic. Paulien Osse – WageIndicator Foundation – Amsterdam – The Netherlands. “Estimating Living Wage Globally - 65 countries.” European Conference on Living wages – November 2013, Berlin. WageIndicator Foundation (aims for transparency of the labour market by sharing and comparing wage data and labour conditions information)] AJ

Aa

#### How LW differs from MW

What is the difference between living wage and minimum wage?

The minimum wage levels are enforced by law. By contrast the concept of living wage is not written in the law and should be perceived as a suggested income level to achieve decent living standards. The definition of decent living standards can vary between countries and individual preferences. In majority of countries the estimated living wage is higher than the minimum wage.

#### How does it calculate

Guzi 13 [Martin Guzi – WageIndicator Foundation - Masaryk University – Brno - Czech Republic. Paulien Osse – WageIndicator Foundation – Amsterdam – The Netherlands. “Estimating Living Wage Globally - 65 countries.” European Conference on Living wages – November 2013, Berlin. WageIndicator Foundation (aims for transparency of the labour market by sharing and comparing wage data and labour conditions information)] AJ

The concept of living wage aims to provide the meaningful comparison of how costly is to lead a decent life across the globe. The calculation of the living wage estimate the monthly income necessary to cover the basic expenses comprising the cost of accommodation, food and public transportation. How does WageIndicator calculate living wage? WageIndicator uses the prices posted at Numbeo website to estimate the cost of housing, transportation and food necessary for an individual on monthly basis. In particular the concept of living wage comprises the monthly rent of 1 bedroom apartment outside of centre, public transportation monthly pass and monthly expenses on food per person. To follow the common practice the total costs is topped by 20% to allow for discretionary expenses. Where the prices come from? What is Numbeo? The calculation of living wage is based on prices posted at www.numbeo.com as of June 2013. Numbeo is the online database of user-contributed information about the cost of living in cities around the world. From January 2014 WageIndicator will use also data collect via WageIndicator websites in 70 countries. How does WageIndicator calculate cost of food? The prices of food assume a personal consumption of 2000 calories per day. The balanced food basket is constructed by Numbeo (e.g. 0.25 liter of milk, 130g of bread, etc.) and the cost of food is estimated on a monthly basis. How does WageIndicator calculate cost of transportation? The price of transportation reflects the average regular price of monthly public transportation pass in the country. What other purchases are included in the living wage? In addition to the cost of housing, food and transportation, living wage accounts for 20% monthly spending on non-specified discretionary purchases.

#### LW Def

Guzi 13 [Martin Guzi – WageIndicator Foundation - Masaryk University – Brno - Czech Republic. Paulien Osse – WageIndicator Foundation – Amsterdam – The Netherlands. “Estimating Living Wage Globally - 65 countries.” European Conference on Living wages – November 2013, Berlin. WageIndicator Foundation (aims for transparency of the labour market by sharing and comparing wage data and labour conditions information)] AJ

The income level necessary to secure a decent standard of living is an important economic yardstick of income adequacy. A living wage is defined as a wage paid for a standard working week that meets the basic needs of workers and their families and provides some discretionary income. The need for a living wage has also been recognized by the international community. In 1919 the International Labor Organization (ILO) has defined a living wage as a basic human right under their conventions and recommendations to the Universal Declaration of Human Rights Article 23 (ILO, 2008). In 1948 the United Nations Universal Declaration of Human Rights officially recognized the need for workers to receive a living wage. There was never a consensus on how to define a living wage but in the recent decades governments, municipalities, international and local trade unions, and labor research institutes developed their own definitions and measurement methods of a living wage. Debates have appeared in different fora about how best to calculate this standard in a given context. Anker (2011) is the most comprehensive review on how the living wage has been described, defined and measured around the world. In many countries, the concept of living wage is based on a number of different definitions. Different methodological approaches make it difficult to produce a globally comparable living wage. Moreover, the estimation of living wage hinges on the availability of timely information about the cost of living, which is seldom available in developing countries. Anker (2011) argues that greater clarity with regards to the definition and measurement of living wage is a prerequisite for the widespread consideration of living wages and employee needs, by companies, unions and governments.

#### Minimum income standard

Minimum Income Standard (MIS) is a programme developed in the UK that regularly reports on how much income households need to afford a socially acceptable standard of living. MIS is based on public views about a minimum standard for different family types. The approach comprises respondents organized in groups from a mixture of social and economic backgrounds. The groups arrive at a negotiated consensus about the cost of goods and services to enable a minimum essential standard of living. The MIS is defined as the gross income necessary to afford these expenditures, taking account of the tax liabilities and social welfare entitlements of each household type. The MIS is annually updated for inflation, changes in the tax and benefit system, and the basket of items is adjusted every two years to follow the standard of living perceived by the society. To give an example, in 2013, the MIS budget for single individual in UK is estimated at 274 £ per week which translates to gross weekly earnings of 323 £ (Hirsch, 2013). The MIS programme has been also developed in Ireland and the estimates are comparable (Collins, Mahon, Weld, and Thorton, 2012). The MIS was successfully adapted to serve different campaigns (e.g. London Living Wage; Rural Scotland) and number of countries are developing their own estimates of living wage based on MIS approach (e.g. Austria, France, Portugal and Japan). The advantage of MIS is that it reflects the real household needs in a very comprehensive way and figures are typically provided for a broad range of household types. The downside of MIS is the high initial cost of development and the monitoring of living standards in the society necessary for regular updating. Therefore the universal applicability of MIS method internationally remains limited.

#### A2 Anker 06 calculation of LW

A living wage is intended to enable workers to support themselves and their household at an acceptable standard of living. There is some similarity between the concept of poverty and living wage while both relate to the fulfillment of basic needs. Anker (2006) explains that the poverty line is measured at the household level because the household is a societal unit where people consume and pool resources. Living wage, in contrast, is measured at the individual-worker level because this is where most income is earned. Anker (2006) proposes a method suitable to estimate the living wage internationally and he demonstrates his method by calculating the living wages for 12 countries at different levels of development. In the first step Anker estimates the cost of food based on a model diet and then adds an estimate of the cost of non-food necessities. Food expenses are derived from the information of national per capita calorie needs taken from Food and Agriculture Organization of the United Nations (FAO) and the official national food prices obtained from ILO. For each country Anker constructs a different model diet while it is observed that as development level in the economy rises, the percentage of calories intake from proteins increases, and the percentage of calories from carbohydrates decreases. The expenses on non-food purchases are estimated based on well-known relationship between household income and expenditure on food observed by Engel (The German statistician Ernst Engel was the first to investigate the relationship between goods expenditure and income systematically in 1857). Based on the empirical evidence the assumption is made that the percentage of total expenditures devoted to non-food expenses differs from 30 per cent for low-income countries, to 40 per cent for lower middle-income countries, 50 per cent for upper middle-income countries, and 75 per cent for high- income countries (Anker, 2005). The sum of food and non-food expenses then provides internationally comparable estimates of national poverty line. In the second step Anker scales his estimates to the cost for a family of four (two adults and two children) and then divides by the number of full-time working hours considered acceptable in each country. In this way he obtains the estimate of the hourly pay rate a fulltime worker would need to earn to support a household at the poverty line. Finally a 10 per cent margin is added to ensure that the living wage is sustainable in allowing for unforeseen events such as illness, accidents or unemployment. The margin also accounts for the fact that people are not as efficient and knowledgeable about diets or shopping as assumed when poverty lines are estimated. Despite its universality this approach also includes several drawbacks. First the applicability of approach depends heavily on food prices which are currently available at ILO websites as of 2007.1 Second, the calculation of non-food expenses relies solely on food prices and hence may not sufficiently capture the development of non-food prices (e.g. the price of housing). Third, ILO food prices are provided nationally and therefore do not allow further extensions such as the calculation of urban and rural specific living wages.

#### WI def – most expansive and best

The WageIndicator Foundation for more than a decade contributes to the transparency in the labor market by providing up-to-date information on employment conditions, on labor law and on collective agreements. To pursue its mission WageIndicator collects labor market information through desk research, online and offline surveys. All findings are compared and published through WageIndicator web-sites. WageIndicator is particularly active in the less developed countries where workers lack the information about the labor law. WageIndicator shows that labour law in many countries is often good enough, but compliance with the law is the real issue. WageIndicator therefore developed a system that collects the major items of the national labor law in all countries and allows for international comparison of law and wages. WageIndicator believes this helps individual workers to fairly access the labor market and it helps employers to comply with national labor law. WageIndicator started in the Netherlands and now operates in over 70 countries in Europe, Asia, Latin America, and Africa with a staff of some 100 specialists. WageIndicator Foundation is assisted by world-renowned universities, such as University of Amsterdam and Havard Law School, trade unions and employers’ organizations. WageIndicator, by serving as a labour market library for millions worldwide, improves the transparency in the labour market and contributes to the functioning of economies in general.

In 2013 WageIndicator introduced the concept of a globally comparable living wage that informs on how costly is to lead a decent life in different parts of the world. The WageIndicator living wage is the first attempt to provide the globally comparable estimates of living wage for the large number of countries.

#### Numbeo survey is best

Examples discussed above show that every attempt to calculate living wage internationally requires the considerable information from various national data sources or an international databases on consumption patterns, food prices, and labor statistics. Even if data of required quality can be obtained for the large set of countries it is very likely to be outdated with limited use without further adjustments. This paper proposes an innovative approach in the way that it uses prices collected through web-surveys in order to provide timely, reasonably accurate and globally comparable living wage estimates. The data is currently provided by the website Numbeo.com which uses the knowledge of the web visitors to obtain the prices on different items. Web visitors are invited to provide information on prices of about 50 items and indicate their place of residence.

Users are aware that by updating information about their city they contribute to the project and help the others looking for information. The database collected by Numbeo.com is the world largest database of user-contributed information about cities and countries. The calculation of living wage presented in this paper is based on prices posted at Numbeo.com from January, 2012 until June, 2013. All prices are converted to EUR with the exchange rate taken on the day of entry. For the estimate of living wage the prices are taken at the mid-point of responses submitted for a given country. The final selection includes 100 countries for which the prices are provided from at least 50 web visitors. Recently WageIndicator started the online collection of prices through the WageIndicator Cost of Living web survey that includes the comparable set of items as are found in the Numbeo.com database. In addition the offline version of survey will be used to collect the information on prices in places where the internet penetration is low. WageIndicator Cost of Living Survey is expected to deliver more data that will help to improve living wage estimates and expand the set of countries in the future.

#### What things are factored into the calculation

Food expenses are based on a personal consumption of 2,830 food calories (kcal) per day recommended by the Food and Agricultural Organization (Faostat, 2009). A balanced food basket is constructed following the food guide developed by Katamay et al (2007) for the Government of Canada.2 The Canada’s food guide describes the types and amounts of foods that should be eaten in order to meet nutrient standards and to reduce the risk of nutrition-related chronic diseases. The guide divides all food into four groups: i) Grain products; ii) Meat and alternatives; iii) Milk and alternatives; iv) Vegetables and fruit; and prescribes the number of servings that should be eaten from each food group. The guide allows us to construct a diet model composed of food items for which Numbeo.com database collects prices. Table 1 in Column 1 lists 11 food items for which we observe prices. Column 2 and 3 show the four food groups and the standard size of one serving. Column 4 provides the amount of food calorie equivalent to one serving, the information is taken from McCance and Widdowson (2002). The Canada’s food guide suggests a daily consumption for an adult person of 8, 3, 2 and 8 servings from grain, meat, milk and vegetable food group respectively. Column 5 presents the diet model that delivers the daily consumption of 2,830 kcal per day and complies with the total number of servings per day recommended by the Canada’s food guide. The food calorie of the diet model is expressed in Column 6. Obviously the construction of diet model is limited by the number of food items included in the Numbeo.com database and based on the assumption that observed food items are representative of its food group (in terms of price per food calorie). The calculation of monthly food expenses is then calculated as the cost of the food items specified in the diet model and multiplied by 30 days. The cost of food basket vary with the diet model but the differences are small (e.g. when the diet model with less meat is evaluated the maximum difference in monthly food cost is about 10 EUR).

The cost of housing is the major component of living wage and so the housing price has a substantial influence on the final estimates. The Numbeo.com includes the rental rate of a 1-room apartment outside of an urban centre that is used as an estimate of housing cost.

Living wage accounts for the cost of transportation while most people commute for work or travel for their daily activities (e.g. shopping). In most places the transport service is available for use by the general public so the price of a monthly public transportation pass is taken as the cost of transportation. The average cost of monthly pass varies between countries in the sample from 5 to 100 EUR but the price is higher when city level is observed (e.g. the price of monthly pass in London reaches 150 EUR).

To summarize, living wage is the sum of food expenses, the housing rent, and public transportation pass. Following the practice observed in other studies (e.g. Anker, 2006; London Living Wage campaign) the final estimate of living wage is increased by 20 per cent margin to account for spending on non-specified discretionary purchases (e.g. clothing, heath care, etc.).

### Def - Martin 01

Martin 01 [ISAAC MARTIN (University of California, Berkeley). “DAWN OF THE LIVING WAGE: The Diffusion of a Redistributive Municipal Policy.” URBAN AFFAIRS REVIEW, Vol. 36, No. 4, March 2001 470-496] AJ

Aa

#### Explanation of LW – not a definition, but clarification

The demand for a “living wage” is not new; English-speaking labor move- ments have used the term at least since the nineteenth century (see Glickman 1997). Currently, labor and community activists use it to refer to a narrow set of legislative strategies that are best understood by comparing them to mini- mum wage legislation, on one hand, and prevailing wage legislation, on the other. Minimum wage laws establish a standard for wages that applies to all employers within a specified jurisdiction and that is not indexed to market wages. Prevailing wage laws apply only to employers who hold public contracts or receive some form of public subsidy, and they typically require employers to pay the wage that “prevails” in a given market rather than any absolute minimum. Living wage policies share characteristics of both: Like a minimum wage law, they set an absolute minimum standard, but like a prevailing wage law, they apply only to employers who hold public contracts or receive public monies (see Pollin and Luce 1998, chap. 2). There are impor- tant differences among living wage policies in the wage level, mandated ben- efits, and exact scope of coverage (Spain and Wiley 1998), but all of them aim explicitly to raise workers out of poverty. Furthermore, with the exception of policies passed by the states of Maryland and Minnesota, all living wage poli- cies at the time of this writing have been passed by local governments (including municipalities, counties, and public authorities).1

### Lerner 14

Lerner 14 [Michael Lerner (Rabbi). “A Living Wage – Not a Minimum Wage.”

Tikkun, Volume 29, Number 2, Spring 2014. Duke University Press] AJ

Aa

#### Def of LW

According to the Living Wage Action Coalition, a living wage is a “decent wage”:

It affords the earner and her or his family the most basic costs of living without need for government support or poverty pro- grams. With a living wage an individual can take pride in her work and enjoy the decency of a life beyond poverty, beyond an endless cycle of working and sleeping, beyond the ditch of poverty wages.

The seven factors that the coalition uses to calculate the basic cost of a safe and decent standard of living are housing, food,

child care, transportation, health care, taxes, and other basic necessities (which in some cases include elder care or care for immigrant families’ overseas parents or children).

Dr. Amy Glasmeier, the Department Head of Urban Stud- ies and Planning at MIT, has developed a living wage calcu- lator that estimates a living wage for different cities based on the current cost of living there. Glasmeier cautions that her calculator, which you can access at livingwage.mit.edu, is designed to provide a bare minimum estimate of the cost of living for low-wage families—not an estimate for a middle- class standard of living. According to her living wage calcula- tor site:

The realism of the estimates depend on the type of community under study. Metropolitan counties are typically locations of high cost. In such cases, the calculator is likely to underesti- mate costs such as housing and child care. Consider the re- sults a minimum cost threshold that serves as a benchmark, but only that. Users can substitute local data when available to generate more nuanced estimates. Adjustments to account for local conditions will provide greater realism and potentially increase the accuracy of the tool.

For example, a living wage for a single adult in Los Angeles is $23,640. If that wage earner also supports a second adult, the amount needed is $35,769. And if he or she supports an- other adult and one child, the amount needed is $44,972. In Minneapolis the figures in these respective circumstances would be $20,147, $31,805, and $38,823. In San Antonio, Texas, those figures would be $18,008, $28,904 and $36,148. (These figures are for 2013 and would have to be automati- cally tied to the annual cost of living and inflation.)

#### Two key additions to the plan

Can employers be expected to pay all of a living wage? In most cases, large corporations would not be put out of busi- ness by being required to pay a living wage. But there may be some cases in which they would be, so we propose that the Living Wage Act we support include two other features:

1. A guaranteed annual income for anyone employed at a lower wage than the living wage and for those unable to work for whatever reason. This guarantee from the government would ensure that wage earners receive the difference between what they are being paid and the living wage needed for their particular town, city or region. The guaranteed income should be available to anyone willing to work, as well as those who are over age sixty-five and retired. In addition, social security benefits should be raised to the level of a living wage for those whose existing benefits put them at a lower income level, unless they have other sources of income that take them above the level of a living wage.

2. The creation of a Living Wage Board. Such a board should be created in each city and empowered to rule whether a local business is telling the truth if it claims it would be forced to reduce its employees were it to pay living wages. The boards would examine the businesses’ income, wealth, and profit margins for investors. If the local board concluded that the business could pay, it would have the power to enforce the implementation of the higher wages. And in cases where the board agreed with the contention of the business in question, it could then authorize the

national Living Wage Board to activate the guaranteed annual income process mechanism and thereby supple- ment the employees’ income up to the level of a living wage. Businesses judged to be exaggerating their inabil- ity to pay the living wage would be subject to fines by the Living Wage Boards.

### Boeri 08 Textbook

Boeri 08 [Tito Boeri (Italian economist, currently professor of economics at Bocconi University, Milan ) and Jan van Ours (Professor of Labor Economics, Tilburg University). “The Economics of Imperfect Labor Markets.” Princeton University Press, 2008] AJ

#### A2 Minimum to average wage ratio

Boeri 08 [Tito Boeri (Italian economist, currently professor of economics at Bocconi University, Milan ) and Jan van Ours (Professor of Labor Economics, Tilburg University). “The Economics of Imperfect Labor Markets.” Princeton University Press, 2008] AJ

The ratio of minimum to average wage ignores potential spillovers associated with the setting of minimum wages. Especially when minimum wages are embed- ded in collective bargaining, an increase of the minimum wage may also induce pay increases above the minimum, shifting a relevant portion of the wage dis- tribution to the right and hence leading to a significant increase of the average wage. Under these circumstances a change of the minimum wage will hardly be perceived from looking at the ratio of minimum to average wage, because both the numerator and the denominator move in the same direction.

Another drawback of this measure is that it does not take into account the fact that there may be subsets of the workforce, such as informal-sector workers, who are not covered by the minimum wage. In most developing countries and in a number of OECD countries (including formerly planned economies of central and Eastern Europe and southern European countries), alongside a formal (and often urban) job sector where the minimum wage is enforced, there is a large informal labor market in which the minimum wage legislation does not apply. There is no country in the world where there are enough labor inspectors to check every plant. Because of these enforcement issues, an increase of the minimum wage may paradoxically reduce the wage of the lowest-paid workers because low-productivity workers, crowded out from the covered sector by the rise in the minimum wage, could increase labor supply in the uncovered sector, driving down wages therein.1

#### A2 monopsony

Boeri 08 [Tito Boeri (Italian economist, currently professor of economics at Bocconi University, Milan ) and Jan van Ours (Professor of Labor Economics, Tilburg University). “The Economics of Imperfect Labor Markets.” Princeton University Press, 2008] AJ

The case of a minimum wage in the presence of a pure monopsony is often neglected because it is considered of limited practical relevance. Labor markets with only one employer are rarely observed. The standard example is the one- company towns in Russia, a legacy of central planning. Like mountain gorillas, these monopsonies are a sort of endangered species. A case like that described by figure 2.3, however, may also arise when there is more than one employer in a labor market, but these employers collude in wage setting. Collusion among employers may be favored by collective bargaining institutions, but collective bar- gaining means that also the worker side is organized, and hence employers cannot unilaterally set wages. There are in such cases bilateral monopoly conditions that reduce the power of employers in setting wages.

#### Monopsony-like conditions exist

Boeri 08 [Tito Boeri (Italian economist, currently professor of economics at Bocconi University, Milan ) and Jan van Ours (Professor of Labor Economics, Tilburg University). “The Economics of Imperfect Labor Markets.” Princeton University Press, 2008] AJ

Even labor markets in which each individual employer is infinitesimally small relative to the market as a whole, however, may confer on employers some degree of monopsony power. This happens when there are search frictions and mobil- ity costs, making it costly for workers to change jobs. These costs prevent the labor market from arbitraging away any difference in the way in which different employers pay for (homogeneous) labor services. Job creation and hiring costs also attribute to employers some degree of monopsony power. When it is costly to establish a new job or hiring is highly regulated, there are fewer vacancies, and hence for workers it is harder to find openings to apply for. All these modern monopsony cases are rather frequent in practice (Manning 2003) and arise even when there are many employers, but many fewer vacancies to apply for.

#### X Minimum wage causes a shift to an informal sector

Boeri 08 [Tito Boeri (Italian economist, currently professor of economics at Bocconi University, Milan ) and Jan van Ours (Professor of Labor Economics, Tilburg University). “The Economics of Imperfect Labor Markets.” Princeton University Press, 2008] AJ

Minimum wages may not have negative effects on employment in dual labor markets where the minimum wage does not apply to the secondary or informal labor market. Under these conditions there are important spillover effects between the two sectors. As pointed out by Gramlich (1976), Mincer (1976) and, Welch (1976), after a minimum wage increase, workers displaced in the formal sector move to the uncovered sector. Hence, as depicted in figure 2.4, wages in the informal sector fall (fromwoI tow1I),and labor supply in the formal sector declines (shifting the Ls curve to the left). The minimum wage then reallocates jobs from the formal to the informal sector, increasing the difference between formal and informal wages. This adjustment mechanism prevents employment losses only insofar as there is perfect labor mobility between the two sectors.

#### Lighthouse effect – raises wages in the informal sector

Boeri 08 [Tito Boeri (Italian economist, currently professor of economics at Bocconi University, Milan ) and Jan van Ours (Professor of Labor Economics, Tilburg University). “The Economics of Imperfect Labor Markets.” Princeton University Press, 2008] AJ

Although most of these studies use data on the formal sector, where mini- mum wage legislation is enforced, a few studies apply the same methodology to data on the informal sector. These studies are mostly concentrated on develop- ing countries (Lemos 2004 for Brazil, Gindling and Terrell 2004 for Costa Rica, and Jones 1997 for Ghana), where the informal sector is larger. Notwithstanding problems in measuring informal-sector employment, a few studies surprisingly found an increase in wages also in the informal sector after a minimum wage hike. The interpretation provided by this literature is that the minimum wage of the formal sector serves as a reference throughout the economy. If firms have monopsonistic power in the informal sector, and fair remuneration con- siderations are relevant, it is possible that changes in the minimum wage in the formal (and covered) sector lead to corresponding increases in the average wage of the informal sector. The term lighthouse effect has been used to denote this phenomenon.

#### X Their studies contain demographic errors and fail to account for exogenous factors – no negative employment effect once we control for these

Boeri 08 [Tito Boeri (Italian economist, currently professor of economics at Bocconi University, Milan ) and Jan van Ours (Professor of Labor Economics, Tilburg University). “The Economics of Imperfect Labor Markets.” Princeton University Press, 2008] AJ

Most of the studies just reviewed compare employment and wage outcomes of workers whose wage has to be raised to comply with the minimum wage with employment and wage outcomes of workers higher up the wage distribution, presumably unaffected by changes in the minimum wage. The problem with this approach is that persons receiving the minimum wage are not representative of the entire population. Thus we may end up attributing to the minimum wage effects that are related to different characteristics of workers (e.g., lower labor market attachment) located at varying portions of the wage distribution. The empirical methodology of a natural experiment in economics (Meyer 1995; Angrist and Krueger 1999; Blundell and Dias 2000) takes these selection problems into account and makes it possible to better identify the effects of the minimum wage. It consists of exploiting exogenous changes in the economic environment of certain agents in order to compare their reactions to those of other (a priori identical) agents who have not undergone these changes. In practice this means finding a counterfactual or another difference that makes it possible to control for the difference in the composition of those affected by the minimum wage and those not affected by it. For this reason, the estimators obtained by applying this methodology are also called difference-in-differences or double-difference estimators. Difference-in-differences estimators have been used, for instance, by Stewart (2004) to investigate the effects of the introduction of the National Minimum Wage in Britain in 1999 (with the adult rate set at 3.6 pounds per hour) and of the subsequent increases in 2000 (3.7) and 2001 (4.1). As documented by table 2.1, Britain has a ratio of minimum wage to median wage located roughly in the middle of the distribution of European countries. Stewart compared employment outcomes of individuals just above the minimum wage and higher up the wage distribution before and after the introduction of the minimum wage. He repeated this exercise for different demographic groups (males and females at different age groups) and controlled for cyclical conditions. Stewart found no adverse effect of the introduction of the minimum wage in Britain for any of the demographic groups considered.

#### X Textbook turn yo

Boeri 08 [Tito Boeri (Italian economist, currently professor of economics at Bocconi University, Milan ) and Jan van Ours (Professor of Labor Economics, Tilburg University). “The Economics of Imperfect Labor Markets.” Princeton University Press, 2008] AJ

Moreover, a substantial portion of minimum wage earners may not be poor because other family members have earnings. Thus the minimum wage may have a low target efficiency, helping many workers in nonpoor families and providing only limited earnings support to the truly needy.

Because economic theory does not offer unambiguous results about the effects of the minimum wage on poverty, it is always important to examine this issue empirically. Applied studies typically look at the distributional impact of the minimum wage by analyzing wage distributions in a neighborhood of the mini- mum wage level. If crowding-out effects are important, then we should observe a spike in the wage distribution close to the legally imposed minimum. If there is no spike or the spike lies to the right of the minimum, the data indicate that the minimum wage has little effective “bite.” Most studies (including Card and Krueger 1994; see figure 2.5 in box 2.2) actually found a spike in the wage distribution corresponding to the minimum wage. There is also less ambigu- ity in the empirical literature on the employment effects of minimum wages when the focus is on teenage and unskilled workers: in this case the evidence of disemployment effects is particularly strong. Concerning the effect of the min- imum wage specifically on poverty, the study of Addison and Blackburn (1999) suggests that the increases in the minimum wage that occurred in the United States in the 1990s contributed to reducing the poverty rate among youth aged 24 and under and workers over 24, but only among school dropouts. Finally, Flinn (2002) found positive effects on welfare of young Americans for the 1997 minimum wage increase (from $4.75 to $5.15), but no evidence of a positive effect on welfare of the minimum wage increase that occurred in 1996 (from $4.25 to $4.75), which seems not to have exerted significant spillovers on the wage distribution.

## UBI

### To Read

http://www.basicincome.org/bien/papers.html

### Dolan 14

#### No disincentive to work

Dolan 14 [Ed Dolan (doctorate in economics from Yale University, teaches at various universities, currently Tallinn Technical University School of Business). “The Economic Case for a Universal Basic Income (Part 1 of a series).” EconoMonitor, January 3 2014] AJ

It would provide substantial work incentives. Because there is no reduction of benefits as earned income rises, it would avoid the problems of cliffs and high effective marginal tax rates for low-income households and second earners. (For readers familiar with the economic terms, a UBI would have an “income effect” on labor supply but no “substitution effect,” unlike current income support programs, which typically have both.)

#### Better defends the principle of private property since the market is flawed

Dolan 14 [Ed Dolan (doctorate in economics from Yale University, teaches at various universities, currently Tallinn Technical University School of Business). “A Universal Basic Income: Conservative, Progressive, and Libertarian Perspectives (Part 3 of a Series).” EconoMonitor, January 27, 2014] AJ

A second Libertarian argument defends a UBI as a counterweight to the injustices of private property as it now exists. In principle, of course, libertarians are ardent defenders of private property, but some of them see serious flaws in the way the system now works. One flaw is that some people have acquired their property not through honest competition in a free market, but rather, by acts of government that subsidize their products, restrict the actions of their competitors, or subsidize the products they make or grow—all the venal devices that economists lump together under the term rent seeking. Rent seeking is so pervasive that it is impossible to untangle the particular victims and beneficiaries of each law, but a moderate tax on all forms of income and property, distributed evenhandedly to everyone as a universal basic income, might provide a rough remedy. Others argue that the whole idea of using government police and courts to protect property rights is itself a sort of subsidy to property owners. Accepting that subsidy gives government the implicit right to tax the property it protects. Jessica Flanigan details several variations of the property rights argument in a post on the imaginatively named blog Bleeding Heart Libertarians.

#### UBI good for classical liberals – most justifiable to all citizens

Dolan 14 [Ed Dolan (doctorate in economics from Yale University, teaches at various universities, currently Tallinn Technical University School of Business). “A Universal Basic Income: Conservative, Progressive, and Libertarian Perspectives (Part 3 of a Series).” EconoMonitor, January 27, 2014] AJ

Less doctrinaire libertarians, many of whom prefer to call themselves “classical liberals,” suggest a third reason to support a UBI. As Matt Zwolinski puts it in an essay on the subject, classical liberals adhere to “the principle that a society’s legal rules and/or moral principles must be justified to each and every individual who is subject to them, and that such justification requires demonstrating that those rules or principles are ones that each individual has reason to support.” Many classical liberals think that, given the choice, freedom-loving individuals would prefer to live in a system where the minimal state, in addition to protecting people and their property from criminals and foreign enemies, had some mechanism for providing everyone with a minimum income to fall back on in case of misfortune.

Zwolinski finds support for one form or another of a basic income among both historical classical liberals, such as Adam Smith and John Stuart Mill, and more recent thinkers, such as Friedrich Hayek and Milton Friedman. Hayek, for example, wrote this passage in his book Law, Legislation, and Liberty:

The assurance of a certain minimum income for everyone, or a sort of floor below which nobody need fall even when he is unable to provide for himself, appears not only to be a wholly legitimate protection against a risk common to all, but a necessary part of the Great Society in which the individual no longer has specific claims on the members of the particular small group into which he was born.

### Globalization

Global Basic Income and Financial Globalization

Gary A. Dymski and Celia Lessa Kerstenetzky

Fourth draft, June 15, 2008

 Respectively, University of California Center Sacramento (gary.dymski@ucop.edu) and Universidade Federal Fluminense, Niterói, Rio de Janeiro, Brazil (celiakersten@gmail.com). An earlier version of this paper was prepared for the 2007 Conference of the Human Development and Capabilities Association. This draft has been prepared for the Basic Income Earth Network conference, Dublin, Ireland, June 2008.

#### A2 property rights turds

Nagel (2001) recalls what he says is “both perfectly obvious and remarkably easy to forget”, i.e., that private property is a legal convention. Having a political nature, property rights are neither out of reach regarding justice scrutiny nor thus beyond redefinition. The current focus on a naturalized version of these rights is behind many of economists’ contemporary myths and misconceptions: one of the myths is that market outcomes are just per se, since they result from exchanges well-grounded in private rights, state interference being somehow a violation of these sacred rights and always in need of justification (so the possible source of injustice is external to the markets operation); one of the misconceptions is that without respect to private rights no sound economic activity and development will be ever possible, since there will be a high degree of uncertainty in the economic environment. As for the precedence of property rights over state interference, Nagel notes that without “an elaborately structured legal system governing the acquisition, exchange, and transmission of property rights” no such rights would even exist, which of course does not mean that there are no limits for state interference but that the system of property rights are as well not beyond evaluation. As for the claim regarding the functionality of respect of private rights to economic success, this is unwarranted; while it may be granted that predictability per se is an important feature of any system of property rights and an important basis for economic activity, the question regarding precisely what scheme of property rights, even private property rights, outperform the other is largely an open one.

We here merely register that private ownership of natural resources is a familiar contested issue, where you can hardly make an argument that its possession derives from the quite uncontested condition of self-ownership. But also private ownership may be contested of what Herbert Simon has called “social capital”, meaning overtime accumulated knowledge stored in many forms of capital assets. Likewise for the rights over other valuable assets that result (or have resulted) from opportunity hoarding, i.e., barriers that exclude others from the use of opportunities and generate, for the hoarders, attractive economic rents, unrelated to their productive returns. In the context of financial assets, the contested nature of their property rights, grounded in institutionalized asymmetric power relations, has already been highlighted, but we shall return to this specific topic in the next section.

In all this accumulation and appropriation story it is really difficult to disentangle intended processes (intended acts of expropriation of people from common property, active opportunity hoarding activities, exercises of market power) from unintended ones (historical processes, interactions, random events) behind the final distribution; in addition, the enterprise seems to be rather unimportant. For, still, from a real freedom-for-all perspective the end result may look quite unjust: the situation of the least advantaged is not as good as it could possibly be. So a rethinking of property rights seems cogent, especially where the extant system seems to hamper freedom (instead of promoting it, as emphasized in the rather thin version of freedom as respect for extant property rights). This rethinking is not only cogent but also justifiable in view of the contested nature of most of these rights. The members of the political community may thus yield their claims over the common entitlements – the set of assets whose private appropriation may be contested on similar grounds - in favor of their private owners provided that the latter compensate them at the highest possible amount. That is, the private owners of these entitlements should pay “rent” to non-owners. In the end, although contributing to promoting the maximization of the real freedom of the least advantaged, UBI is not motivated by a moral concern for assisting the less well-off: it is substantially about redistribution of citizenship rights. So, although it is a way of assisting the implementation of real-freedom-for-all, it does not entirely coincide with it.

### A

#### Mincome project proves there’s no substantial reduction of work

Hum and Simpson 01 [Derek Hum (dhum@cc.umanitoba.ca) and Wayne Simpson (simpson@cc.umanitoba.ca) are professors of economics at the University of Manitoba. Hum was the research director of Mincome, Canada’s guaranteed annual income experiment. “A GUARANTEED ANNUAL INCOME? FROM MINCOME TO THE MILLENNIUM.” Policy Options, Jan-Feb 2001] AJ

Mincome selected families from Manitoba (though mainly from Winnipeg) and assigned them randomly to different GAI plans for three years. The sample took into account family structure, as well as normal income received. It also excluded families earning above a predetermined amount (approximately $13,000 in $1975 for a two-adult, two-child fam- ily). Three support levels (G) were used: $3,800, $4,800, and $5,800 (all in $1975) for a family of four. These support levels were adjusted for dif- fering family size and structure and—given the inflationary environment of the day—were increased annually. Three tax-back rates (t) were used: 35 per cent, 50 per cent, and 75 per cent. The most generous and least generous (G, t) combinations—($5800, 35 per cent) and ($3800, 75 per cent), respectively—were not tested. Mincome also enrolled a control group—who were not eligible—for purposes of comparison. The presence of a control group and the random assignment of recipients to GAI plans allow strong research inferences. On the whole, the research results were encouraging to those who favour a GAI. The reduction in work effort was modest: about one per cent for men, three per cent for wives, and five per cent for unmarried women. These are small effects in absolute terms and they are also smaller than the effects observed in the four US experiments, a result that once again confirms the importance of not simply importing US research results and applying them to the Canadian context, with its different labour mar- ket institutions, practices, attitudes and social support programs.

## A2 Cap K

### Accelerationism To Read

Gean Moreno, "Notes on the Inorganic", e-flux 31 (Jan 2012).

Alex Williams, "Escape Velocities", e-flux 46 (Jun 2013).

Benedict Singleton, "Maximum Jailbreak", e-flux 46 (Jun 2013); repr. as "Maximum Jailbreak (Extended Mix)" in #Accelerate#: The Accelerationist Reader, eds. Armen Avanessian and Robin Mackay, Urbanomic, 2014.

Armen Avanessian, "Criticism - Crisis - Acceleration", in Survival Kits. An Artist's and Thinker's Book, ed. Deborah Ligorio, Berlin: Sternberg, 2013, pp 56-61.

Matteo Pasquinelli, "The Labour of Abstraction: Seven Transitional Theses on Marxism and Accelerationism", Dec 2013; printed in Fillip 19 (Jun 2014).

Nick Srnicek, Alex Williams, Armen Avanessian, "#Accelerationism: Remembering the Future", Tag Allgemeiner Zeitung, 4 Feb 2014; posted on Critical Legal Thinking blog, 10 Feb 2014.

Tiziana Terranova, "Red Stack Attack!", Quaderni di San Precario blog, 12 Feb 2014, [4] [5]; repr. in #Accelerate#: The Accelerationist Reader, eds. Armen Avanessian and Robin Mackay, Urbanomic, 2014. Commentary by Craig Hickman.

Luciana Parisi, "Automated Architecture", in #Accelerate#: The Accelerationist Reader, eds. Armen Avanessian and Robin Mackay, Urbanomic, 2014. Commentary by Craig Hickman.

Ross Wolfe, "The Future of Enlightenment: Thoughts on 'Universalism and Its Discontents'", The Charnel-House blog, 12 Jun 2014.

Nick Land's blog posts on acceleration.

Anthologies[edit]

e-flux 46: "Accelerationist Aesthetics" (Jun 2013), ed. Gean Moreno. Texts by Alex Williams, Steven Shaviro, Benjamin Bratton, François Roche, Franco Berardi Bifo, Mark Fisher, Benedict Singleton, Debbora Battaglia, Patricia MacCormack, and John Russell.

Armen Avanessian (ed.), #Akzeleration, Berlin: Merve, Dec 2013, 96 pp. (in German). Texts by Armen Avanessian, Franco Bifo Berardi, Nick Land, Patricia McCormack, Benjamin Noys, Matteo Pasquinelli, Nick Srnicek, and Alex Williams. [6], Introduction. Review: Drees.

Robin Mackay, Armen Avanessian (eds.), #Accelerate#: The Accelerationist Reader, Falmouth: Urbanomic, May 2014, 536 pp. Texts by Mark Fisher, Nick Srnicek and Alex Williams, Antonio Negri, Tiziana Terranova, Luciana Parisi, Reza Negarestani, Ray Brassier, Benedict Singleton, Nick Land, Patricia Reed, Diann Bauer, and the section on "a genealogy of accelerationism". [7], Introduction. Reviews: Harris, O'Sullivan, Andrews. Commentary: Wark.

Armen Avanessian, Robin Mackay (eds.), #Akzeleration#2, trans. Moritz Gansen and Hannah Wallenfels, Berlin: Merve, (forthcoming Oct 2014), 100 pp. (in German). Texts by Ray Brassier, Nick Land, Toni Negri, Luciana Parisi, Nick Srnicek, Tiziana Terranova and Alex Williams. [8]

Ed Keller, Tim Matts, Benjamin Noys (eds.), Dark Glamor: Accelerationism and the Occult, 2 vols., Punctum Books, (forthcoming Jan 2015). Introduction.

### Wright 7

#### The aff is a necessary middle step towards the alt – non-reformist reforms that illustrate the need for broader reform while empowering the underclass are a prerequisite to radical change

Wright 07 [Wright, Erik Olin. "Guidelines for envisioning real utopias." SOUNDINGS-LONDON-LAWRENCE AND WISHART- 36 (2007): 26] AJ

The final guideline for discussions of envisioning real utopias concerns the importance of waystations. The central problem of envisioning real utopias concerns the viability of institutional alternatives that embody emancipatory values, but the practical achievability of such institutional designs often depends upon the existence of smaller steps, intermediate institutional innovations that move us in the right direction but only partially embody these values. Institutional proposals which have an all-or-nothing quality to them are less likely to be adopted in the first place, and may pose more difficult transition-cost problems if implemented. The catastrophic experience of Russia in the 'shock therapy' approach to market reform is historical testimony to this problem. Waystations are a difficult theoretical and practical problem because there are many instances in which partial reforms may have very different consequences than full-bodied changes. Consider the example of unconditional basic income. Suppose that a very limited, below, subsistence basic income was instituted: not enough to survive on, but a grant of income unconditionally given to everyone, One possibility is that this kind of basic income would act mainly as a subsidy to employers who pay very low wages, since now they could attract more workers even if they offered below poverty level earnings. There may be good reasons to iItitute such wage subsidies, but they would not generate the positive effects of a UBI, and therefore might not function as a stepping stone. What we ideally want, therefore, are intermediate reforms that have two main properties: first, they concretely demonstrate the virtues of the fuller programme of transformation, so they contribute to the ideological battle of convincing people that the alternative is credible and desirable; and second, they enhance the capacity for action of people, increasing their ability to push further in the future. Waystations that increase popular participation and bring people together in problem-solving deliberations for collective purposes are particularly salient in this regard. This is what in the 1970s was called ‘nonreformist reforms': reforms that are possible within existing institutions and that pragmatically solve real problems while at the same time empowering people in ways which enlarge their scope of action in the future.

### More

#### Non reformist reforms key

Martin 12 [Martin, Brian (professor of social sciences at the University of Wollongong, Australia, and author of numerous books and articles on nonviolence, dissent, scientific controversies, democracy and other topics). "Reform–when is it worthwhile?." Anarchist Studies 20.2 (2012): 55-71] AJ

Those who challenge the system and pursue radical alternatives sometimes make a simple distinction between reform and revolution: as the saying goes, if you're not part of the solution, you're part of the problem. In this dichotomous picture of social change, reform is useless or worse, because it perpetuates or even strengthens the system that needs to be replaced.

This picture denigrates nearly all efforts to make the world a better place. Going beyond the reform-revolution dichotomy, André Gorz usefully distinguished between two types of reform, reformist and non-reformist. Some types of reform, he argued, have the potential to build greater capacity, commitment and momentum towards radical alternatives.

My goal here has been to probe further into types of reform. By examining nine different areas for reform in the fields of education, the military and electoral politics - each in relation to radical alternatives - it becomes clear that it is not easy to strictly categorise a reform as either reformist or non-reformist. In nearly every area, there is the potential for taking initiatives that help move towards alternatives. Likewise, in nearly every area there are some aspects of reform that reinforce current practices and thinking.

At the end of the sections on education, defence and electoral politics, I listed several key considerations relevant to reform, with a total of nine points in all. These nine points have some overlap. From them, I have extracted four dimensions of reform efforts worth considering in relation to whether they help move towards self-managing alternatives, namely towards a revolutionary shift in the way society is organised.

The first dimension is in the realm of ideas: do the efforts encourage people to question the system? If so, this can help lay the foundation for further change by making more people receptive to possibilities. Examples include teaching within existing educational structures that opens students to visions of alternatives and questioning the existence of the military.

A second dimension of reform is the experience of participation. The goal of a reform can be a very mild refinement of the system, but if it provides a stimulating experience of self-management, it can lead some participants to seek further similar experiences and thus lay the basis for continual change efforts. Participatory campaigns can be undertaken in nearly every arena, such as efforts against student cheating and campaigns against voting. They are an example of the anarchist principle of making the means reflect the ends, also called préfiguration or 'living the revolution'.36

A third dimension of reform efforts concerns the system response: when protest demands can be met by the development of a smoother, less vulnerable system of domination, future efforts may be stymied. As in the case of anti-conscription campaigns, efforts may initially be a powerful challenge to the system but be less effective down the track.

A fourth dimension is actual change brought about, because a new situation can provide opportunities for further efforts. It is possible to imagine a politician who pushes through a law - using a process that lacks participation and involves no questioning of the system - that enables future activists scope for more effective campaigning.

These four dimensions - questioning the system, experiences of participation, system responses and opportunities created by change - may or may not operate in tandem. If all are present, then a reform effort is likely to be a powerful step towards self-managing alternatives. In practice, though, many change efforts are strong on some dimensions and weak on others. The key point is that categorising reforms as either reformist or non-reformist is, in most cases, too simplistic: it does not capture the diverse features of efforts.

The wider point is that it is short-sighted to dismiss change efforts because they seem too much part of the system. The reality is that there are opportunities in all areas, even those in the heart of oppressive social systems that seem most inhospitable. On the other hand, some areas are much more promising and deserve greater attention and effort.

For an individual, the question is what to do. There is no automatic and easy answer. For those with many options - for example experienced activists who could join any number of campaigns - then it is important to choose wisely, taking into account various dimensions such as participation and system response. For those with more limited options, due to age, skills or social location, and who want to help, there are always opportunities.

One implication of this analysis is that advocates of reform can contribute to radical change in the long term even though they are not revolutionaries. The key is how reform efforts are promoted. For example, participatory campaigns can lay the basis for ever greater self-management even when campaigners have limited objectives. This suggests that methods used can be just as important as goals. In light of the longstanding anarchist principle that the means should reflect the ends, getting the means right sometimes may be more important than the purity of the goals.

### A2 Ahmed

#### The study is nonsense – their assumptions are unproven, NASA denied it, and all evidence goes aff

Angus 3/31 [Ian Angus. What did that ‘NASA-funded collapse study’ really say? Climate and Capitalism, 3/31/14. http://climateandcapitalism.com/2014/03/31/nasa-collapse-study/] AJ

On March 20, NASA publicly denied that it had “solicited, directed or reviewed” the paper, calling it “an independent study by the university researchers utilizing research tools developed for a separate NASA activity.”[2] The paper is signed by three U.S. academics. Lead author Safa Motesharrei is a PhD candidate in mathematics and public policy at the University of Maryland; his co-authors, Eugenia Kalnay and Jorge Rivas, are professors at the University of Maryland and the University of Minnesota, respectively. The only connection to NASA anyone has identified is a general research grant NASA gave to Professor Kalnay’s department. If the original blog post had made that clear, the study wouldn’t have attracted much attention – as the headlines show, it was the supposed NASA connection that drew media interest. Normally I’d ignore a paper like this: many graduate students write papers, some get published, and most are quickly forgotten. But this one has been widely publicized, so it requires review, if only to understand its argument. After all, if the authors really have proved that western civilization is on the brink of collapse that only greater equality and a shift to renewables can prevent, ecosocialists should be eager to publicize it! Unfortunately, far from being “a highly credible wake-up call,” this much-hyped article adds nothing to our understanding of the causes and solutions of the global environmental crisis. The inclusion of egalitarian proposals should not blind environmental activists to its fundamental flaws. We’re told that the paper has been accepted by an academic journal, but it hasn’t been published yet. Two somewhat different drafts have been circulated on the net: my comments refer to the more recent version, dated March 19, 2014. I’ll refer to it as “the paper” or by the abbreviated title “Human and Nature Dynamics.”[3] A universal model of social collapse The paper’s ambitious goal is to propose a mathematical model that explains why societies in general collapse. After listing several dozen complex societies that no longer exist – from the ancient Egyptian, Mesopotamian and Chinese empires to the Mayan civilization in Central America and Cahokia in the Mississippi valley – they write that “although many different causes have been offered to explain individual collapses, it is still necessary to develop a more general explanation.” Others have tried to do that. Arnold Toynbee’s A Study of History, a massive 12-volume work published between 1934 and 1961, claimed to have identified common factors in the fall of 26 major world civilizations. Others have focused on fewer cases: Edward Gibbon filled six large volumes in an effort to explain just one, in The Decline and Fall of the Roman Empire. So the authors of “Human and Nature Dynamics” can only be termed ambitious for attempting to identify “a mechanism that is not specific to a particular time period of human history, nor a particular culture, technology, or natural disaster” – and even more ambitious for claiming not just that they have succeeded, but that they can express that mechanism in just four equations: two for population, one for “nature,” and one for accumulated wealth. They accomplish that astonishing feat by accepting, without reservation, the Malthusian claim that the decline of past societies – which they call “collapse,” a term they don’t define – was caused by population growth and/or mass consumption of limited resources. They identify several sources for that view, most notably Jared Diamond’s Collapse: How Societies Choose to Fail (Viking 2005) and William Catton’s Overshoot: The Ecological Basis of Revolutionary Change (University of Illinois Press, 1980). They seem unaware that the views of their preferred authors are, to say the least, controversial. Jared Diamond’s arguments, for example, were thoroughly debunked by experts on each of the societies he described, in the excellent anthology Questioning Collapse.[4] The authors call their four equation model “HANDY,” short for “Human and Nature DYnamics.” It is based on the so-called predator-prey model, created by mathematicians Alfred Lotka and Vito Volterra in the 1920s to show how interaction between competing species can affect population. It says, for example, that if there are many rabbits but only a few wolves in an area, the wolf population will rise because food is plentiful, and the rabbit population will fall because they are being eaten. Eventually there will be too many wolves and too few rabbits, so most of the wolves will starve to death. With fewer predators remaining, the rabbit population will increase, and the cycle repeats – lots of rabbits, then lots of wolves, then …. That sounds reasonable, but, as population ecologist Daniel Botkin writes, both laboratory experiments and real world observations have shown that “predator and prey do not oscillate as would a Lotka-Volterra set.”[5] That suggests Motesharrei and his co-authors are trying to explain 50 centuries of history using formulas that don’t accurately describe a closed system containing just two kinds of animals. Botkin’s book is not listed in the bibliography, and there is no indication that the authors are aware that their fundamental formula may not be valid. They simply adopt it and declare: “We can think of the human population as the ‘predator,’ while nature (the natural resources of the surrounding environment) can be taken as the ‘prey,’ depleted by humans,” and proceed. But nature isn’t a thing you can count, so how do you put it into an equation? The authors finesse that problem by replacing it with an imaginary currency they call eco-Dollars, undifferentiated units that somehow reduce nature’s variety and complexity to a single number. They don’t explain how that could conceivably be done in the real world. To their credit, the authors recognize that human societies are more complex than the simplistic predator-prey equations allow, so they have modified them to incorporate accumulated wealth (saved eco-Dollars) and social inequality. These additions make the model more complex, but they don’t fundamentally change it. With humans as “predators” and eco-Dollars as “prey,” the formulas produce an oscillation: when lots of eco-Dollars are available, the human population rises; when the eco-Dollars are depleted, the human population falls. Accumulated wealth can delay the population decline and elite overconsumption can accelerate it, but the pattern remains. Thought experiments Having reduced the complexity of human-nature interaction to four equations, the authors devote most of their paper to “thought experiments” about scenarios that they say represent “three distinct types of societies.” In the Egalitarian scenario, everyone consumes and works equally. In the Equitable scenario, everyone consumes equally, but some do not work, so workers must work harder. In the Unequal scenario, non-working Elites consume 10 to 100 times as much as Commoners, who do all the work. For each case they calculate a “carrying capacity” – the maximum number of people that a given number of “eco-Dollars” can support indefinitely. Although they list Joel Cohen’s authoritative work on this subject in their bibliography, they don’t mention his conclusion that “the question ‘How many people can the earth support?’ has no single numerical answer, now or ever.”[6] In each case, depending on how the variables are set, a graph shows whether the carrying capacity will never be exceeded, or will be exceeded intermittently in boom-and-bust cycles, or will be permanently exceeded, leading to total collapse. Although the authors don’t say so, it turns out that in the long run the only variables that really matter are total population and total consumption – because that’s how the formulas are defined. Their much quoted statement, that for an unequal society, “collapse is very difficult to avoid and requires major policy changes, including major reductions in inequality and population growth rates,” isn’t a political or sociological judgment, it’s a mathematical abstraction. Although the model purports to include all of nature as humanity’s “prey,” it becomes clear that by “nature” the authors mean “food,” because each case of collapse is caused by hunger – either everyone starves because food production declines, or Commoners starve because the Elite eat more than their share. As economist Christopher Freeman said of an earlier attempt to predict the future with computer models, this is a case of “Malthus in, Malthus out.”[7] Where’s the beef? One of the most surprising features of the “Human and Nature Dynamics” paper is the absence of empirical data. That’s right – a paper that some say proves the imminent collapse of western civilization contains no evidence at all. It fails to show that any past society collapsed from overpopulation and mass or elite consumption, let alone that those are the causes of the environmental crises of the 21st century. In fact, very little such evidence exists. In 2006, noted anthropologist Joseph A. Tainter, author of The Collapse of Complex Societies (Cambridge University Press, 1988) surveyed the subject for the peer-reviewed Annual Review of Archaeology (ARA). After summarizing and evaluating all the studies he could find, Tainter wrote: “When the ARA Editorial Committee invited me to address the topic ‘Archaeology of Overshoot and Collapse,’ I assumed I could review only part of a voluminous literature. Although I have extensively read the collapse literature … I was surprised to realize that the literature has produced few cases that postulate overshoot of population and/or mass consumption, followed by degradation and collapse. … Within the small overshoot literature, many of the most ardent proponents are outside archaeology…. “There does not presently appear to be a confirmed archaeological case of overshoot, resource degradation, and collapse brought on by overpopulation and/or mass consumption.”[8] [emphasis added] Those few sentences fatally undermine the fundamental basis of all the equations and graphs in “Human and Nature Dynamics.” Tainter’s article is not listed in the paper’s bibliography. Back to the real world There is massive evidence that the existing social order is inflicting massive harm on humanity and the rest of nature, and the case for radical social change as the only permanent solution is very strong. The authors of the HANDY Model deserve respect and commendation for focusing on that, and for including social inequality as an important factor. My criticism of their work has nothing in common with the reactionaries and science-deniers who have loudly condemned them as dangerous radicals. The problem is not that “Human and Nature Dynamics” is radical, but that it is not. Radical means going to the root, but this analysis remains on the surface, dealing with appearances, with things that can be counted and plugged into formulas. Not society but population; not nature but eco-Dollars; not history and class struggle, but graphs. Ahistorical formulas substitute for investigation of the specific social, economic, cultural and technological processes that have brought our particular society to this time of crisis. As the British environmentalist and poet Paul Kingsnorth has written, this is a common failing of mainstream greens: “They offer up remarkably confident predictions of what will happen if we do or don’t do this or that, all based on mind-numbing numbers cherry-picked from this or that ‘study’ as if the world were a giant spreadsheet which only needs to be balanced correctly.”[9] I’m reminded of a letter that Friedrich Engels wrote in 1890, criticizing self-proclaimed Marxists for whom historical materialism “serves as an excuse for not studying history.” “But our conception of history is above all a guide to study, not a lever for construction after the manner of the Hegelian. All history must be studied afresh, the conditions of existence of the different formations of society must be examined individually before the attempt is made to deduce them from the political, civil law, aesthetic, philosophic, religious, etc., views corresponding to them.”[10] Engels could have been addressing our modern Malthusians: abstract formulas and assumptions about population and consumption in general cannot substitute for thorough examination of the concrete issues facing specific societies. Academic economic theory has been described as pure mathematics based on unproven axioms. That’s a pretty good description of this paper. Every one of the thought experiments should be preceded by a disclaimer like this: IF the factors we have identified are the right ones, and IF there are no countervailing factors, and IF the formulas we have produced are valid and sufficient to explain the process, THEN the these graphs may be worthy of consideration.

### Zermop 12/11

#### Socialism fails

Zermop 12/11 [Bob Zermop. “Why Capitalism Works and Socialism Doesn't.” Hug Pages, Politics and Social Issues. 12/11/14] AJ

Far left socialism is no less dangerous. Though I think the socialist ideal of a worldwide and local cooperation is good, the socialist model is not the way to do it. The problem with the really far left model, involving equal work and equal distribution, has already been discussed in depth by many, so I will only cover it briefly. I suppose that it once seemed like a better alternative to capitalism-gone-wild (it prevents the wealth gap and the consequent abuse of the $ owned government), but the society based on this model quickly collapses. Look at Communist China, Cuba, or to a certain extent, today's Europe. Europe is still great, but the cracks are starting to show. The two major reasons are 1.) Socialism discourages work and effort by shifting consequences (positive and negative) onto others. 2.) Socialism restricts freedom of the individual. I'll begin by addressing the first. By having a "security net" so secure that it's easier to not work than to work, nobody (well, few) will work. In a future world of more resources, perhaps that will become possible. But we are not even close to being there yet, and this system is unsustainable as it takes from those who would advance society and gives to those who don't. The entire point of a security net is to make sure those who are deserving have the ability to exercise their potential (Note: I am aware that the ultimate point is to allow the happiness of everyone. I mean in the sense of its function in a developing society.). Why work your hide off to drag along those who are just kicking back? This system encourages laziness, and after a while even those who naturally would work will stop because of their unjust load. This problem with socialism has a solution: move towards the center. By arranging society so that those who work harder, smarter, more creatively, and more productively are rewarded, all of society will ultimately benefit from their advances. If a safety net is retained, and it should be, downward spirals can be prevented and a basic standard of living can be available to all. However, problem 2 (Socialism restricts freedom of the individual.) is not so easily solved. In fact, I can't think of a solution at all. I believe this is socialism's fatal flaw, and it's basically the reason I am capitalist. I will address this in detail later on, when it flows more appropriately.

#### Continues:

Zermop 12/11 [Bob Zermop. “Why Capitalism Works and Socialism Doesn't.” Hug Pages, Politics and Social Issues. 12/11/14] AJ

I'll move on to the flaws I see in socialism. I'm certainly not the first to point these out, but it doesn't hurt to reiterate them. Let's begin with problems involving government. The most apparent problem today is democratic government not being democratic, whether because of corrupt politicians or the machinations by the rich. (I think that's resolvable through a great amount of time and effort, but, like mentioned above, that's for another hub.) But even if we assume that the democratic government is functioning as it should, fairly and (most importantly) transparently, there is still a problem if there is no private property. This problem is that the society will have no protection of individual rights and will denigrate into a tyranny of the majority over the minority. This was exactly what America's founding fathers were trying to prevent with a representative democracy. Because the "common hordes" were "uneducated and incapable" of placing the "correct" vote, representatives would help them along. Now, I think the "common hordes" are ready to truly evolve into a democracy, but this would not be a good thing if the evolution was done without safeguards. Too much power leads to abuse, whether intentionally or unintentionally; in this case, it would be too much power in the hands of the majority. Whether a direct democracy is a good idea or not is for another discussion (I think it's an idea that has potential in today's world.), but abolishing private property is a terrible idea. Clearly if the majority (with transparency, this would be effectively the same thing as the government) would destroy individual rights if it had control over individual property. Let's leave aside means of production for now. Simplistic example: Individual enjoys black licorice, while the majority does not enjoy black licorice. The majority is not altruistic or doesn't understand the individual's love of black licorice. The individual is unable to get black licorice, as the ingredients and means of production belong to the group, and therefore the majority controls the black licorice. For the socialist model to work, the majority has to be both altruistic and empathetic. I'm not saying that's impossible, or that it doesn't sometimes happen. But I don't think it is a good idea to place responsibility and consequences of individual actions onto all, as that causes 1.) lack of motivation to work, 2.) lack of freedom, and consequently 3.) lack of happiness in the society. To do so makes the society incredibly unstable. I can't think of a way for freedom and individual autonomy to survive in a society where all are one, and consequences and rights are not conferred onto the individual, where I wholeheartedly believe they belong.

### Heath 13

#### Status quo is imporving markedly – cap is the best formula for improvement

**Drezner 13**—professor of international politics at Tufts University's Fletcher School

(Daniel, “The Year of Living Hegemonically”, http://www.foreignpolicy.com/articles/2013/12/27/the\_year\_of\_living\_hegemonically, dml)

These sorts of trends tend to give U.S. strategists the heebie-jeebies. A staple of international relations thinking for decades has been that U.S. hegemony is the mainstay of global order. According to this "theory of hegemonic stability," peace and prosperity are only likely to persist when a liberal superpower is prepared to act to keep markets open and stamp out brewing conflict. If Mead or Robert Kagan are correct, then a United States that is both unwilling and unable to stabilize the rest of the world really should be a source of concern. Here's the thing, though: at the same time that commentators were bemoaning U.S. decline, the world was looking up. I suspect that ThinkProgress and Britain's Spectator magazine would agree on very little in politics, but this month they both ran features pointing out something important: 2013 was "the best year in human history." Their data is incontrovertible. If you look at human development indicators, all of the key metrics -- infant mortality, infectious diseases, per capital income -- are trending in the right direction. By the end of 2013, the smallest fraction of the world's population will be living in poverty. Both traditional and human security measures reveal the same trend. Whether it's violent crime, discrimination, civil or interstate war, the aggregate data shows a more peaceable world. Or, as the Spectator put it: "Every day in every way, the world grows richer, safer and smarter." If you don't believe political partisans, then buy Angus Deaton's The Great Escape and you'll discover the same message. Despite the post-2008 trend of predicting that the global order is crumbling and the world is going to hell, the opposite is transpiring. How and why can this be happening when American power is on the wane? Those fearful of disorder have made two fundamental errors in judgment. First, they assume that China, Iran, and others want to rewrite the global rules of the game. Not so. To be sure, these countries want to preserve their sovereignty and expand their sphere of influence -- and on these issues, they will clash with the United States. On the other hand, contra Mead, they will also clash with each other as well. Furthermore, Beijing, Moscow, and Tehran very much want to participate in the global economy. Indeed, the reason Rouhani is trying to negotiate a nuclear deal is to get Iran out from under the dead weight of crippling economic sanctions. And contra what everyone expected in the wake of the 2008 financial crisis, emerging markets are not eager to topple the existing global order. Indeed, the recent trade deal in Bali suggests that, if anything, they want to reinforce the existing rules of the game. The bigger error, however, has come from analysts confusing a U.S. reluctance to use military force in the Middle East with a decline in American power and influence. The truth is that the United States still wields considerable power, which is one reason why 2013 turned out to be such a good year. Whether one looks at global capital flows or the use of the dollar as a reserve currency, the data point in the same direction: the resilience of American economic power. And even as the sequester hits, the United States also continues to possess an unparalleled edge in military capabilities. It is true that Syria continues to hemorrhage lives and livelihoods. Even there, however, it was the threat of American force that triggered an agreement to remove Syria's chemical weapons. U.S. military power has also helped to tamp down conflict in the Central African Republic, as well as deliver massive humanitarian relief to the Philippines. Indeed, given the depths of its domestic political dysfunction, one can only imagine what America's rivals must think. In 2013 alone, the federal government couldn't evade a stupid, counterproductive budget sequester, a government shutdown, and brinksmanship with the debt ceiling. There was no agreement on immigration reform, much less on policies such as climate change, education, or infrastructure. Despite mounting gridlock and policy own goals, however, the United States ends 2013 with a rapidly declining federal budget deficit, a surging energy sector, and accelerating growth in the economy and employment. President Obama was justified in noting that 2014 could be a breakthrough year for the United States. The most brilliant strategists living in Moscow, Beijing, or Tehran can't displace the structural strengths of the United States. Which means that for those capitals, 2014 will prove to be a very frustrating year.

#### The world is rapidly improving – cap good

Heath 13 [Allister Heath. “The world has never had it so good - thanks partly to capitalism.” The Guardian. 29 Oct 2013] AJ

But humanity as a whole is doing better than it ever has: the world is becoming more prosperous, cleaner, increasingly peaceful and healthier. We are living longer, better lives. Virtually all of our existing problems are less bad than at any previous time in history. In How Much Have Global Problems Cost the World, Danish political scientist Bjorn Lomborg documents how on almost all important metrics, the human condition is improving at a dramatic rate; his thesis is backed up by oodles of other data and research. Take war, the worst possible affliction that can befall a society. It is often wrongly argued that armed conflicts are the handmaiden of capitalism; in reality, they are the worst thing that can happen to a liberal economy, destroying lives, families and capital and triggering state control, militarism and deglobalisation. Tragically, there are still far too many conflicts costing far too many lives but overall we live in extraordinarily peaceful times by historical standards. Genghis Khan’s mad conquests in the 13th century killed 11pc of the global population at the time, making it the worst conflict the world has ever had the misfortune of enduring; the Second World War, which cost more lives than any other, was the sixth worst on that measure, killing 2.6pc of the world’s population. There has been immense progress since then, especially following the end of the Cold War. The Peace Research Institute Oslo calculates that there were fewer battle deaths (including of civilians) in the first decade of the 21st century than at any time since the Second World War. Uppsala University’s Conflict Data Program found 32 active armed conflicts in 2012, a reduction of five compared with the previous year. The bad news is that the number of deaths shot up again last year as a result of the horrendously bloody Syrian conflict. But that outbreak of barbarism shouldn’t detract from the otherwise dramatically improving trend, which is perhaps the single most important fact about the world today. Instead of fighting, we now trade, communicate, travel and invest; while there is still a long way to go in tearing down protectionist barriers, international economic integration is the great driving force of progress. We are also far less likely to die from the side-effects of economic development and the burning of cooking and heating fuels. In 1900, one person in 550 globally would die from air pollution every year, an annual risk of dying of 0.18pc. Today, that risk has fallen to 0.04 pc, or one in 2,500; by 2050, it is expected to have collapsed to 0.02pc, or one in 5,000. Many other kinds of pollution are also in decline, of course, but this shift is the most powerful. In fact, we are living healthier and longer lives all round, thanks primarily to the remarkable progress made by medicine. Average life expectancy at birth in Africa has jumped from 50 years in 2000 to 56 in 2011; for the world as a whole, it has increased from 64 to 70, according to the World Health Organisation. While people in rich countries can now expect to reach 80, the gap is narrowing and emerging economies are catching up; in India, for example, life expectancy has been increasing by 4.5 years per decade since the 1960s. Medical advances have improved life measurably for any given stage of economic development. Childhood mortality in Sub-Saharan Africa remains far too high, but in 2008 it had fallen to just a third of that in Liverpool in 1870, even though real per capita incomes in that part of the world remain just over half that of Liverpudlians in the 19th century. The probability of a newborn dying before their fifth birthday has dropped from a world average of 23pc in the 1950s to 6pc in the current decade. That’s still nothing to be happy about, of course, but the progress has been remarkable. Child mortality is set to fall from 7.7pc in 2000 to 3.1pc in 2050. One reason is better nutrition. The best proxy for that is height: Latin Americans have been growing taller for years, and since the late 20th century so have young people in Asia, with increased prosperity allowing parents to feed their children more and better food. Better sanitation is also helping: deaths caused by a lack of access to clean water have tumbled from 1.5 per 1,000 people in developing countries in 1950 to 0.4 today and are due to halve again by 2050. Education is another area which has seen huge improvement globally. The UK is a scandalous outlier here, with a recent OECD analysis showing that we are the only rich country in which 55 to 65-year-olds are more proficient in literacy and numeracy than 16 to 24-year-olds, a catastrophic regression. But our educational suicide is unique, and emerging markets have seen revolutionary improvements in recent decades, enhancing educational opportunities for hundreds of millions of young people. Progress has been especially strong from around 1970. While 23.6pc of the world’s population remains illiterate, that is down from 70pc in 1900 and is the lowest it has ever been. The costs of illiteracy have fallen steadily from 12.3pc of global GDP at the start of last century and are set to be just 3.8pc by 2050. Gender equality is also improving. In 1900, women made up only 15pc of the global workforce. By 2012, it reached around 40pc and is expected to hit 45pc by mid-century. Even climate change may have had a much more balanced effect than is usually understood. One of the contributors to Lomborg’s book, Richard Tol, estimates that global warming has so far been beneficial, on balance, to the world – some countries have lost out, but more have gained – but will turn into a net negative later this century, when costs will increasingly outweigh benefits. Tol’s analysis includes agriculture and forestry, sea levels, energy consumption, health and much else besides. This area is contentious and hard to measure. Predictions are exceptionally difficult; as Lomborg himself has argued elsewhere, so far global warming has been below what almost all models had been predicting. We shall see. The only important metric that is unambiguously deteriorating is biodiversity, which declined by 21pc in the 20th century and is continuing to fall. On balance, however, the world is easily in the best place it’s ever been, despite the financial crisis and the threat of terrorism. Thanks to capitalism, globalisation, technology and a reduced tolerance for violence, humanity has never had it so good.

### Gregory 11

#### Cap solves war, key to development; material resources before anything else

Gregory 11 [Anthony Gregory. “Why Capitalism Is Worth Defending.” MISES DAILY (Austrian Economics Newspaper). August 2, 2011] AJ

It is simply a fact that capitalism, even hampered by the state, has dragged most of the world out of the pitiful poverty that characterized all of human existence for millennia. It was industrialization that saved the common worker from the constant tedium of primitive agriculture. It was the commodification of labor that doomed slavery, serfdom, and feudalism. Capitalism is the liberator of women and the benefactor of all children who enjoy time for study and play rather than endure uninterrupted toil on the farm. Capitalism is the great mediator between tribes and nations, which first put aside their weapons and hatreds in the prospect of benefiting from mutual exchange. "We stand in defense of the greatest engine of material prosperity in human history, the fount of civilization, peace, and modernity: capitalism." A century ago, the Marxists acknowledged the productivity of capitalism and its preference to the feudalism it replaced, but predicted that the market would impoverish workers and lead to greater material scarcity. The opposite has happened and now the leftists attack capitalism mostly for other reasons: it produces too much and is wasteful, hurts the environment, exacerbates social divisions, isolates people from a spiritual awareness of their community, nation, or planet, and so on. But all the higher, more noble, less materialistic aspirations of humankind rest on material security. Even those who hate the market, whether they work in it or not, thrive on the wealth it generates. If Marx's buddy Engels hadn't been a factory manager, he would have lacked the leisure time needed to help concoct their destructive philosophy. Every social-science grad student; every Hollywood limousine liberal; every Christian Left do-gooder; everyone for whom socialism itself is the one religion; and every antimarket artist, scholar, philosopher, teacher, and theologian screams atop a soapbox produced by the very capitalist system he disparages. Everything we do in our lives — whether materialistic or of a nobler nature — we do in the comfort provided by the market. Meanwhile, the very poorest in a modern capitalist system, even one as corrupted by statism as the United States, have it much better than all but the wealthiest people a century ago. These blessings are owed to capitalism, and unleashing it further would finally erase poverty as we know it.

### Norberg 01

#### Cap is structurally better and key to progress

Norberg 01 [Johan Norberg (senior fellow at the Cato Institute). “In Defense of Global Capitalism.” CATO 2001] AJ

Capitalism means that no one is subject to arbitrary coercion by others. Because we have the option of simply refraining from signing a contract or doing a business deal if we prefer some other solution, the only way of getting rich in a free market is by giving people something they want, something they will pay for of their own free will. Both parties to a free exchange have to feel that they benefit from it; otherwise there won’t be any deal. Economics, then, is not a zero-sum game. The bigger a person’s income in a market economy, the more that person has done to offer people what they want. Bill Gates and Madonna earn millions, but they don’t steal that money; they earn it by offering software and music that a lot of people think are worth paying for. In this sense, they are essentially our servants. Firms and individuals struggle to develop better goods and more efficient ways of provid- ing for our needs. The alternative is for the government to take our resources and then decide which types of behavior to encour- age. The only question is why the government knows what we want and what we consider important in our lives better than we ourselves do. Prices and profits in a market economy serve as a signaling system by which the worker, the entrepreneur, and the investor can navigate. Those who want to earn good wages or make a good profit have to seek out those parts of the economy where they can best cater to other people’s demands. Excessive taxes and handouts pervert these signals and incentives completely. Price controls are destructive because they directly distort the necessary price signals. If the government puts a ceiling on prices—if it imposes a lower price than the market would have, as it does for apartment rentals in New York—a shortage will result. People will hang onto the apartments they have, even if they don’t need them for the moment and even if someone else would be willing to pay more for the use of that same apartment. Denied the ability to charge higher rents, landlords find it less worthwhile to invest in the purchase of new buildings, and housing companies stop new construction. Result: housing shortage. If instead the government sets a price floor—that is, deliberately bids up the price of a good higher than the market would have, as many governments do for agricultural products—a surplus will result. When the EU pays more for foodstuffs than the market, more people than necessary will go into farming, resulting in surplus production and wasted resources. Capitalism also requires people to be allowed to retain the resources they earn and create. If you exert yourself and invest for the long term, but someone else appropriates most of the profit, the odds are that you’ll give up. Protection of ownership lies at the very heart of a capitalist economy. Ownership means not only that people are entitled to the fruits of their labors, but also that they are free to use their resources without having to ask the authorities first. Capitalism allows people to explore the economic frontier for themselves. That is not to say that any given person in the market will necessarily be smarter than a bureaucrat. But market participants are in direct touch with their own particular corner of the market, and by responding to price fluctuations, they have direct feedback on supply and demand. Central planners can never collect all this information from all fields, nor are they nearly as motivated to be guided by it. Even if any one person in the market is no smarter than a bureaucrat, a million people together certainly are! Their million different attempts at determining the best uses of resources are generally wiser than a single, centralized solution. If the government decides that all resources are to be committed to a certain kind of collective farming and this fails, the whole of society will be economically affected and, in the worst case scenario, will starve. If, instead, one group of people attempts the same type of farming, they alone will suffer the adverse effects if the enterprise fails, and surpluses elsewhere in the market mean that those effects won’t be as dire as starvation. A society needs this kind of experimentation and innovation to develop, but at the same time the risks of experimentation have to be limited so that the whole society will not be jeopardized by a few people’s mistakes. Therein lies the virtue of individual decisionmaking and individual responsibility. Personal responsibility, no less than personal freedom, is essen- tial to capitalism. A politician or bureaucrat handling huge sums of money for infrastructure investment or a campaign to host the next Olympics is not under the same pressure to make rational decisions as entrepreneurs and investors are. If things go wrong and expenditure exceeds income, it isn’t the politician who foots the bill. People who own their property act on a long-term basis because they know that they will reap the rewards (and bear the costs) of their actions. This is the core of a capitalist economy—people saving part of what they already have in order to create more value for the future. We do the same thing, create ‘‘human capi- tal,’’ when we devote some of our time and energy today to getting a good education that will increase our earning potential in the long run. In the economy, this means that instead of living from hand to mouth we set aside part of what we have and are rewarded with interest or profits by whoever can use the money more efficiently than we can ourselves. Saving and investment elevate the economy to progressively higher levels as they finance new machinery and organizational structures to make the work- force more productive. Organization is important because people can produce far more through voluntary cooperation than they could by doing every- thing single-handed. It may take a single craftsman a week to produce a chair, but if he is especially skilled at constructing the wooden frame, and if he joins forces with someone who can paint and someone else who’s good at sewing chair cushions, together they may be able to turn out one chair a day. With modern machinery, another product of specialization and cooperation, they can make a hundred chairs a day, which augments the value of their labor. Technical progress enabled new machines to manufacture old types of goods less expensively, placing new inventions and goods at people’s disposal. As a result of this continuous improvement of productivity through the division of labor and technical advancement, one hour’s labor today is worth about 25 times more than it was in the mid-19th century. Employees, conse- quently, now receive about 25 times as much as they did then, in the form of better pay, better working conditions, and shorter working hours. When a person’s labor grows more valuable, more firms want to buy it. In order to get it, they then have to raise wages and improve the work environment. If, instead, wages increase more rapidly than productivity, through legislation or union contracts, then jobs will have to be eliminated, because the workers’ input is not worth what the employer is forced to pay for it. In this case, the ‘‘surplus’’ created by the price floor in wages comes in the form of unemployment.

## Informal Sector

### Farrel

#### Turns case

Farrell 04 [Diana Farrell. “The hidden dangers of the informal economy.” McKinsey Quarterly, July 2004] AJ

In Portugal and Turkey, informality accounts for nearly 50 percent of the overall productivity gap with the US. Around the world, these informal players operate at just half the average productivity level of formal companies in the same sectors and at a small fraction of the productivity of the best companies. As a result, informal companies persistently drag down a country's overall productivity and standard of living. MGI's investigation also found that the substantial cost advantage that informal companies gain by avoiding taxes and regulations more than offsets their low productivity and small scale. Competition is therefore distorted because inefficient informal players stay in business and prevent more productive, formal companies from gaining market share. Any short-term employment benefits of informality are thus greatly outweighed by its long-term negative impact on economic growth and job creation.

### Williams

#### Informal sector boosts organized crime and corruption

Williams 08 [Paul Ponsaers (University of Ghent, Ghent, Belgium) and Joanna Shapland and Colin C. Williams (University of Sheffield, Sheffield, UK). “Does the informal economy link to organised crime?” International Journal of Social Economics, Vol. 35 No. 9, 2008, pp. 644-650] AJ

Opportunities for organised crime depend very much upon the exact forms taken by the informal economy in different countries and on social and cultural, as well as economic, factors. Transporting and selling illegal drugs almost entirely involves organised crime (on our, rather catholic, definition), but Seddon (this issue) shows how globalising processes which have facilitated legal trade and international financing have also benefited illegal trade, such as drugs. In other, very different spheres, the structure of markets and the increasingly international character of actors in those markets may allow licit and illicit transactions to be intertwined. Nelen (this issue) explores the potential in real estate transactions for fraudulent or money laundering activities. He points to the lack of transparancy in the particular markets and their increasingly international character as facilitating the potential incursion of organised crime. Similarly, the legal phenomenon of hawala banking (informal arrangements to transfer money between countries) has roused suspicions that it might be used for fraudulent activities and money laundering – because it lies outside national and international regulatory systems which aim to detect money laundering. Van de Bunt (this issue) shows how hawala banking can indeed be used to facilitate illegal transations (move criminal proceeds) but that, in a similar fashion to ordinary banking, it very much depends upon trust. Trust may be facilitated by strong social or ethnic ties but, when hawala banking is used for criminal purposes, reputation and results, together with facilitating secrecy, may be more important. Art crime, particularly the illegal digging up, sale and international transportation of cultural artefacts to markets in the developed world, again is intimately linked with legal markets and the legal international art trade. As Massy (this issue) shows, again, the characteristics of the market which lend themselves to infiltration and exploitation for illegal purposes include lack of transparancy (sketchy provenance of artefacts, secrecy about purchasers at auction and by dealers) and its international nature, which puts transactions above the normal scope of national legislation and police pursuit. It is interesting that it is in fact for art crime that national enforcement has sought international jurisdiction (source countries for artefacts claiming them as part of their cultural heritage; cooperation between police forces). Vander Beken (this issue) shows more generally how legitimate business can be vulnerable to organised crime and illegal activities, through a vulnerability analysis. Focusing on the waste management industry, he shows again how particular market characteristics (such as relatively ready transfer of products between categories with very different waste disposal prices; lack of transparency or regulation of waste brokers who are increasingly required as the market becomes more competitive; new possibilities for international transfer to less regulated environments) are entwining legal and illegal business. We argued above that formal economic activity and informal economic activity are mirrors, with the boundary between them constantly moving. We now see that they are also linked in their methods and opportunity structures, joined through common perceived opportunities. Where there is less transparency about transactions and structures, and where cultural or historical traditions make it more “normal” or “accepted”, informal economic activity seems to be more likely to be able to penetrate these opportunities. Where regulation is less present or less enforced, it seems to be more likely to flourish. Given the largely national character of legislation and regulation, international transactions and businesses seem particularly tempting for informal activity. The increasingly international nature of many businesses and the extent of globalising factors would suggest that the possibilities for effective international regulation, rather than harmonisation of national regulation, need actively to be pursued. However, national economies may also prove fertile ground for informal economic activity, particularly when there is a time of transition and older economic possibilities, market stabilising factors and regulations have given way to new ones, without new effective regulatory capacities yet being established. Rodgers et al. (this issue) show how informal economic activities and corruption have become “normal” within ordinary manufacturing and service sector businesses in Albania, growing from practices which started in the time of the planned Soviet economy. Though they make it possible for people to survive, they also are seen as potentially unstable by workers. Dobovsek (this issue) shows that inequalities of power and capital in such transitional countries can result in far more damaging possibilities, whereby parliamentary processes and the ownership structure of the country can be affected by the prevalence of corruption, which has grown from many minor transactions to again appear “normal” business practice. He suggests that, when this stage has been reached, policing and regulatory enforcement in the normal sense is no longer effective. Preventive measures are more useful, such as making transparent the sources of funds of politicians, rendering state institutions accountable to citizens through the media and, above all, changing the cultural climate by educating citizens about the dangers posed by both corruption and such state capture.

### Impx

#### Organized crime causes global economic decline, WMD terrorism and conflicts

Wechsler 2 - William F. Wechsler (former Special Advisor to the Secretary of the Treasury, Director for Transnational Threats at the National Security Council and Special Assistant to the Chairman of the Joint Chiefs of Staff) Spring 2002 The National Interest, “Law in order: Reconstructing U.S. national security,” p17(12), infotrac

As technology advanced and borders became increasingly porous after the Cold War, it became increasingly evident that international crime in all of its various forms threatened U.S. national security interests. Sometimes the threats were direct. Terrorists groups like AlQaeda, no longer as dependent on state sponsorship, began targeting Americans at home and abroad. They also engaged in a host of criminal activities apart from terrorism, from arms trafficking to people smuggling to securities fraud. Vast networks of criminals based in Russia, Nigeria, Latin America, East Asia and elsewhere went global, infiltrating the United States as one of the world’s most lucrative targets. Hackers halfway around the world broke into U.S. computer systems, including sensitive systems belonging to the military and intelligence agencies. International crime also poses indirect threats to U.S. national security. Criminal syndicates have corrupted government officials, undermined democratic governance, and hindered economic development in many countries. This has been well documented in post-communist states like Russia, developing countries like Nigeria, post-conflict societies like Bosnia and countries of particular concern to the United States like Mexico. In Colombia, groups engaged in drug trafficking, terrorist activity and other serious crimes even challenge the government itself for control over territory and the population, just as typical communist insurgencies did a few decades ago. Criminal syndicates have also helped to undermine regional stability. In Sierra Leone, for instance, the illegal smuggling of “conflict” diamonds helped finance a brutal civil war. Elsewhere in Africa and around the world, arms trafficking by organized criminal networks has stoked regional conflicts that might otherwise have died down. Criminal syndicates have been instrumental in violating U.S. and international sanctions regimes in such places as Iraq and Serbia. Russian criminal organizations are reportedly involved in smuggling materials for weapons of mass destruction--chemical, biological and nuclear. In other places, such as in Albania, criminal organizations have driven regime change, as when the collapse of a pyramid scheme precipitated anarchy and flooded next-door Kosovo with small weapons. Financial crimes such as money laundering and counterfeiting have the potential to undermine national banking systems and thereby to destabalize the global financial system. Economic crimes such as piracy--both physical and intellectual--affect U.S. companies’ competitiveness in foreign markets.

### Gerxhani

#### Turn – formal economy stimulated

Gerxhani 03 [Klarita Gërxhani. “The Informal Sector in Developed and Less Developed Countries: A Literature Survey.” Amsterdam Institute for Advanced Labor Studies (AIAS)/Amsterdam School for Social science Research (ASSR), University of Amsterdam. April 2003] AJ

As for the effect of the informal sector on the formal economy, Schneider (1998) reports that in Germany and Austria at least two-thirds of the income earned in the ‘shadow economy’ is immediately spent in the official economy resulting in considerable (positive) stimulating effect on the official economy. In a study for Belgium, Adam and Ginsburgh (1985) also find a positive relationship between the informal sector and the formal one.

#### X Regulation causes informal economy

Gerxhani 03 [Klarita Gërxhani. “The Informal Sector in Developed and Less Developed Countries: A Literature Survey.” Amsterdam Institute for Advanced Labor Studies (AIAS)/Amsterdam School for Social science Research (ASSR), University of Amsterdam. April 2003] AJ

Besides the evasion of taxes, another frequently mentioned reason for participation in the informal sector is the governmental over-regulation of the market sector, not only via taxes but also through, for example, legislation related to labor conditions, quality regulations, and production limits. This over-regulation increases the transaction costs of participation in the formal economy, so that it becomes relatively more appealing to switch to the informal sector. Johnson et al., (1997 and 1998b) find empirical evidence that more regulation indeed leads to a larger informal sector. Other motives related to the labor market are the increased number of unemployed people, the reduction in working hours, early retirements, and supportive social welfare systems (Schneider and Enste, 2000). Each of them provides incentives to individuals to search for new job opportunities, which are mostly available in the informal sector. However, in a recent study, Schneider and Mummert (2002) show that these motives do not always explain the individual participation in informal activities. Comparing the level of shadow economy in East and West Germany, they argue that social networks and institutional structures appear to be even more important.

#### X Unemployment and an inflexible market cause informal sector shift – consensus

Gerxhani 03 [Klarita Gërxhani. “The Informal Sector in Developed and Less Developed Countries: A Literature Survey.” Amsterdam Institute for Advanced Labor Studies (AIAS)/Amsterdam School for Social science Research (ASSR), University of Amsterdam. April 2003] AJ

The majority of analysts agree that economic recession is one of the foremost causes of the development and tenacity of the informal sector. As a consequence of stagnation, unemployment and depreciation of capital stimulate participation in informal activities. Some of the primary reasons to participate in the underground economy mentioned in the early literature are: (1) to evade taxes; (2) to avoid losing government benefits; (3) to circumvent regulations and licensing requirements; (4) a reaction by both firms and individual workers to labor unions; and (5) the impact of international competition.7 In broader terms, the motives for participation can be economic and non- economic. Economic reasons are related to unemployment and an inflexible formal labor market; a declining real price of capital; and the high cost of formal production. Non-economic motives are related to a greater flexibility and greater satisfaction in work; a complete use of their professional qualifications; and the increased leisure time. A very important element, motivating participation in the informal sector, seems to be the role of the state (Gershuny, 1979). These state-related variables and other motives are discussed by Renooy (1990) from the perspective of behavioral economics. He argues that there are two groups of factors which determine the decision to become active in the informal sector, more specifically, the ‘structural’ and ‘opportunity’ factors. The structural factors consist of financial pressure; socio- psychological pressure; and institutional constraints. The opportunity factors consist of individual background: skills, education, contacts and living situation, or non- individual components: environment, cultural tradition, values and standards, and geographical factors. The author suggests that these ‘opportunity’ factors explain why different sorts of informal economies exist. The individual free choice affects the decision on tax payments based on a combination of inadequate information and a lack of any trust in the way taxes are spent. In an atmosphere in which the government loses the trust of the population and people no longer feel that government supports them, a step into the twilight economy will be taken much more easily.

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# Misc K Aff Things

## Articles

### Racism - Beamer 13

Beamer 13 [Glenn Beamer, PhD (Associate Professor & MPH Director University of the Sciences in Philadelphia). “Living Wage Politics in the US States: Understanding Race, Labor, and Party Politics.” Annual Meeting of the American Political Science Association, August 29 to September 2, 2013, Chicago, Illinois] AJ

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#### States that failed to enact minimum wage increases had larger black populations – politicians failed to respond to their needs

Beamer 13 [Glenn Beamer, PhD (Associate Professor & MPH Director University of the Sciences in Philadelphia). “Living Wage Politics in the US States: Understanding Race, Labor, and Party Politics.” Annual Meeting of the American Political Science Association, August 29 to September 2, 2013, Chicago, Illinois] AJ

The lack of policy responsiveness to African-American constituents becomes evident within five years of the 1996 increase in the federal minimum wage. Among the nine states to increase their minimum wages by 2001, only one state, Delaware, had an African-American population that exceeded ten percent to its total population. During the next five years, an additional twelve states raised their minimum wages. Five of these states – Hawaii, Maine, Minnesota, West Virginia, and Wisconsin, had African- American populations that were less than ten percent of their total population. Six states had African-American populations that were between 13.6 percent in New Jersey and 15.9 percent in New York. Maryland, where African-Americans comprise twenty-eight percent of the population, became the first and only state with an African-American population exceeding twenty percent to increase its minimum wage. In 2006, eight additional states with African-American populations ranging from 0.3 percent in Montana to more than eleven percent in Missouri and Ohio, raised their minimum wages. Six of these states – Arizona, Colorado, Missouri, Montana, Nevada, and Ohio – raised their minimum wages and indexed them to inflation via ballot measures.

Figure 1 presents a scatter plot of African-American populations as a proportion of total population and the time to adoption for minimum wage increases beginning in 1996 and continuing through 2008. Among the twenty-one states that failed to act within the twelve year policy window created by federal inaction, nine had African-American populations that exceeded ten percent of their total population and in eight of these states African-Americans were more than fifteen percent of the population.

#### Liberals favor MW

In contrast to the somewhat ambiguous relationship graphically depicted between race and time to adoption, the bivariate relationship between citizen ideology and time to adoption is more straightforward. More liberal states were much more likely to adopt a minimum wage increase and did so earlier than more conservative states. Among the twenty states in which less than twenty percent voters self-identified as liberal, only five adopted higher minimum wages. Three of these five states, Arizona, Arkansas, and Montana increased their minimum wages in 2006 with citizen initiatives bringing about policy changes in Arizona and Montana. Among the twelve states in which one-quarter or more of voters were liberal, all twelve increased their minimum wages.

#### Liberals definitely like dat minimum wage

For this initial model, I estimated a cross-sectional time-series model in which the dependent variable was the real dollar income an individual with two children would earn at a given state’s minimum wage plus its respective earned income tax benefit (in constant 1995 dollars). This measure ranged from a low of $7574 to a maximum of $12,546 with a mean of $9511 and a standard deviation of $1076. I used the policies in effect at the end of each legislative biennium from December 31, 1996 through December 31, 2010, and each observation thus represents a state-biennia. I incorporated a lagged variable and fixed effects to control for the state and biennial influence. I excluded Nebraska from the analysis because it has a nonpartisan legislature and data were not available to reliably estimate its partisan composition.

The completely specified model included estimates for governor’s party, legislative partisanship, citizen liberalism, union strength, African-American population, state initiative and referenda processes, and state income. The results of three comparable estimations are presented in Table 4.

The initial estimations confirmed the expected influence of Democratic governors, policy liberalism, the presence of the initiative process, and state income. All of these factors promoted higher minimum wages and income, and all of the standard error estimates reflected systematic causal relationships. Democratic governors were expected to increase working poor individuals’ incomes by $135 per biennium.

For every one percent of a state’s population that self-identified as liberal, the living wage incomes increased by $44 per biennium. If we compare the most conservative state, Mississippi in which 10.8% of respondents identified as liberal, to the most liberal state, Rhode Island in which 35.8% of respondent identified as liberal, then we can estimate that during a single biennium living wage incomes in Rhode Island were $1093 higher in Rhode Island than Mississippi.

State personal income also drove living wages higher as expected. For every $1000 in additional median family income a state experienced, living wages increased by $7.80. Considering the approximately forty thousand real dollar range of state median incomes, this estimate indicates that higher incomes increased living wage incomes by $312.

### Inequality - MacLean 07

MacLean 07 [Nancy MacLean. “From the War on Poverty to ‘the New Inequality’: The Fight for a Living Wage. American Quarterly, Volume 59, Number 1, March 2007, pp. 219-231] AJ

#### Inequality is the biggest problem of our time

“Where do we go from here,” Martin Luther King Jr. asked fellow Americans forty years ago this year, “chaos or community?” In 1967 the country stood at a crossroads. The civil rights movement had stirred millions to want to right the nation’s deepest wrongs, yet, already, the forces of reaction were massing to block change. Americans could “choose the path of materialism,” King acknowledged, with its “inseparable twin” of violence, and opt for a “wasteland” at home and “arrogant . . . policing” abroad. Or they could choose community: they could build a sane society that embraced the flourishing of all as its noblest goal, in the recognition of our inescapable connections. To King, the right choice was obvious: “The curse of poverty has no justification in our age. It is socially as cruel and blind as the practice of cannibalism at the dawn of civilization.” Surely the United States, the most affluent and technologically accomplished society in human history, could see that “the time has come for us to civilize ourselves by the total, direct, and immediate abolition of poverty.”1 His call never received a fair hearing. The ongoing debacle in Vietnam, the assassination of King himself the following year, the mounting power of a political right that turned fear of change to political advantage, and the pervasive cynicism that such developments engendered all but extinguished the hope for reconciliation that King had held aloft.

In the forty years since America chose chaos over community, it has amassed the highest levels of inequality in the developed world. For the first time on record, a person working full-time at the minimum wage cannot pay market- rate rent on a one-bedroom apartment anywhere in the United States. At the time of this writing, that wage amounts to $10,700 a year and buys less than at any time since 1955. At the top end of the scissors economy, Wal-Mart’s CEO earns more than $3,500 an hour, and Exxon-Mobil’s a whopping $13,700. The midcentury trend toward greater equity in resources and well-being produced by union power and New Deal policies has been all but reversed. A growing chorus of activists and social scientists is warning that inequality on this scale threatens not only its obvious victims, but also every element of social justice for which generations of progressive Americans have fought, from public education, to racial fairness and gender equity, to workers’ rights and children’s nutrition—and democratic governance itself. It may even harm productivity, some economists say, as betrayed American employees discover the folk wisdom of their old Soviet counterparts: “they pretend to pay us, and we pretend to work.” A consensus is growing among those paying attention that economic justice is the most urgent issue of our time.2

#### What went wrong in the 60s welfare movement

Precisely because the welfare rights movement marked the crest of the wave that aimed to remake America from below in the 1960s, studies of it need to give more serious attention to what went wrong. A wider angle lens than Nadasen employs is necessary to get at the deep context of this movement and explain the success of its opponents, who won decisively by 1996, when welfare ceased to be an entitlement for all U.S. citizens. What made Aid to Families with Dependent Children (AFDC) the stigmatized stepchild of America’s miserly welfare state was in large part the power of southern white conserva- tive politicians. With their choke hold on congressional committees, thanks to seniority gained from widespread voter disfranchisement, they joined with northern business conservatives to keep the New Deal embattled from the outset. As the South’s economy grew in the postwar period, such men gained new power, and were invited to claim still more by the conservative movement that coalesced in the mid-1950s and used attacks on welfare and civil rights to gain traction in its climb to power. The black women who built the welfare rights movement were by and large refugees from the collapsing sharecrop- ping system over which southern conservatives presided. Subject to extreme segregation in the South and North alike, they had little way of knowing that in the very years they were claiming the right, long denied them, to be stay- at-home mothers, millions of other mothers were entering low-paying jobs to meet pressing family needs as the midcentury family wage system all but collapsed for blue-collar families.6

One cannot understand the rage that met NWRO’s claims that AFDC was “slavery” and its militant demands for “more money now” without factoring in the anxiety so many contemporary white parents felt as they put their children in others’ care so as to earn paltry wages to make ends meet. That historical co- incidence, combined with the centrality of paid employment to full citizenship in the American tradition, meant that AFDC activists faced a herculean task in trying to win majority support for more generous benefits as an entitlement of able-bodied mothers who wanted to stay home with their children. More than an understanding of racism alone is thus necessary to see why NWRO failed to win over those low-income whites King had viewed as potential allies of the black struggle for economic justice. The political right used attacks on welfare, with all their unsubtle race and gender biases, to reach whites who otherwise would not have listened to them. And they succeeded as the welfare rights movement’s rhetoric and tactics, which often vented anger at the ex- pense of advancing strategic goals, won gains in the short term but backfired over the long run. The demoralization that set in by 1969 and ultimately tore apart the NWRO thus had more potent sources than the in-house race and gender tension explored by Nadasen, and it reflected a far wider problem in the post-1960s polity: the eclipse of members by professional staff in American organizational life, and of dues-driven grassroots involvement by reliance on foundation grants, corporate support, and government subcontracting work. How to keep members involved and programs true to their original goals flum- moxed all progressive causes, not only welfare rights. To champion one side or another in the vicious “trashing” disputes that metastasized like cancer in this environment, without attention to that larger context, is to miss the forest for the trees and urge today’s activists into an analogous blind alley.7

#### Another card

Storming Caesar’s Palace: How Black Mothers Fought Their Own War on Poverty, a case study of the evolution of antipoverty activism in Las Vegas, goes a long way toward filling in the wider picture. Ingenious use of in-depth collective biographies of a few core activists is the book’s distinguishing feature and its greatest contribution to a fresh understanding of the politics of poverty.

As author Annelise Orleck puts the power of the method, “seeing and hearing from welfare mothers in all their complex, contradictory humanity can cut the distance between them and us—a necessary first step toward envisioning a more humane way of providing aid to poor families” (2). Readers encounter grassroots leaders such as Ruby Duncan—“the engine of this poor people’s movement”—as multidimensional people with moving life stories. As one woman answered a question about where she came from: “Honey, you don’t want to hear that because, oh God, it’ll make you cry” (7). She and Duncan and many others started life in the Mississippi Delta, tearing their hands picking cotton as field laborers before they were out of elementary school. None went beyond junior high school, a burning source of shame and sad- ness. (At thirty-five, Duncan first learned what a legislature was. “If I could write,” she later said, “I’d be really dangerous.”) All lived with violence and trauma from young ages: white terrorism against family members or friends, abusive relatives, and early death of parents “from overwork,” as Duncan put it simply (11, 104, 221). When the sharecropping system was plowed under by mechanization in the 1940s, they ventured west in hopes of landing good defense industry jobs. Yet the black Westside they found in Las Vegas was hardly inviting: “a Jim Crow shantytown that lacked streets, telephones, even indoor plumbing into the 1950s and 1960s,” with heat like the fires of hell (1). And the defense jobs soon disappeared, leaving behind a low-wage service economy. Often fleeing husbands who abused them, these black single moth- ers took the only jobs open to them—as housekeepers, laundry workers, and waitresses serving the booming gambling industry. Many lost even these tough jobs due to illness. “Sorrow,” as Versie Beals said, “is a steady train running through our lives” (298).

Yet their resilience and resourcefulness drive Storming Caesar’s Palace and make it a riveting read. Orleck’s is the first account of the War on Poverty to follow the life stories of individual poor women activists over decades, and that change of perspective transforms understanding of the entire era. For too long, scholars have accepted the cynical contemporary dismissal of Johnson’s visionary effort by conservatives and radical critics alike, as though their portrayals of a misguided joke were actually descriptions of fact. As Ronald Reagan expressed what by default has become the conventional wisdom, “poverty won the war.” Reagan was not exactly a disinterested judge, having come to power through a conservative movement determined to destroy the welfare state and having made his name with attacks on AFDC in California in the 1960s, and it is past time for scholars to stop taking that snide characterization as an accurate depiction of the War on Poverty. As Orleck pointedly observes, “one of the most sweeping federal initiatives of the twentieth century has largely fallen out of public discourse except as a cautionary tale, dredged up each election season to remind us all that ‘big government’ doesn’t work.” Giving the lie to this myth, her story is but one of “scores of untold stories about [the achieve- ments of ] America’s antipoverty crusade of the 1960s and 1970s” (3). Scholars have barely scratched the surface of how that crusade worked at the grassroots. This book is a superb start.

What makes Storming Caesar’s Palace truly singular is the way Orleck carries the activists’ stories, not only back into the 1940s but also forward through the 1970s and into the 1980s, years most historians are only now beginning to acknowledge as their terrain. That makes it a resource for those who teach about—and who work to build—social movements, because it uncovers the political learning and adaptability lost in the usual focus on particular organiza- tions rather than the activists who animate them. The core drama of Orleck’s story, in fact, starts after 1972, as the NWRO-style welfare rights work ebbed in the face of fierce opposition and waning involvement from hard-pressed recipients. “I got to dreaming” then, said Duncan. “We all did. We began to think it might be time for us to start running some programs.” Learning to work Democratic party politics, the state legislature, and the federal govern- ment subcontracting system, they created an umbrella community center called Operation Life—as Duncan later joked, “before ‘Life’ got a bad name” (196). One of the first women-run community development corporations in the country, it was a hive of activity: Operation Life ran a library, a maternal-infant nutrition program, job training to get poor women into “nontraditional” skilled blue-collar jobs, youth programs for at-risk teens, a swimming pool, senior citizen housing—and a child health clinic that “reached the highest percent- age of eligible children of any federally funded disease-screening clinic in the country”(3). With 80 percent of kids receiving early screening, Nevada ended up with treatment rates ten to twenty times better than those of far wealthier New York. The organization piled success upon success—until Ronald Reagan assumed the presidency with the mantra that “government is not the solution to our problem; government is the problem.” Angry at the idea that tax dollars supported progressive community activism, the Reagan administration stopped the flow. Making clear that the hostility was as much ideological as fiscal, local conservative operatives left behind empty champagne bottles to mark their victory after wrecking the headquarters of Operation Life.

Orleck’s account will enable students of social change to understand how it is made in much more complex ways than many interpreters imagine. Her story avoids stale dichotomies between “top-down” and “bottom-up” change and rejects the notion that liberal support for radical change was “nothing but” co-optation. An artifact of the sense of betrayal induced in the New Left generation by the liberal establishment’s war in Vietnam in the 1960s, that cynicism makes it impossible to understand the alchemy of the era. It makes us forget, for one, that federal money was what enabled the grassroots welfare rights movement by funding staff organizers through the Community Action and VISTA programs and supplying skilled attorneys for court challenges to local power structures. Above all, the cynical interpretation underestimates the persuasive talents of working-class activists like Ruby Duncan. Her potent witness, convincing arguments, and winning personality made committed al- lies of whites who provided essential assistance. Operation Life’s loyalists, won over by Duncan, included an oil heiress and Nevada League of Women Voters president, a Franciscan priest inspired by liberation theology and trained by the United Farm Workers’ struggle, and a casino boss turned “poverty lawyer.” The New Left dismissal also discourages the core work of democratic politics, which, after all, is about building majorities to effect change—a project that requires respect for the people one is seeking to persuade. As Orleck puts it, “Operation Life and the newer organizations that have followed in its path remind us that the light of social change burns brightest and longest where people build real coalitions—between affluent and poor, black and white, men and women.” At each pole of the class divide, coalition participants described the experience in strikingly similar terms: “the most meaningful of my life,” said one local recipient leader, while a wealthy ally called it “one of the trea- sures of my life” (308–9). No one can gauge what groups such as Operation Life achieved without appreciating the felt personal transformation that allied struggle produced. In emphasizing coalition, Orleck’s work contributes to a revision being advanced by a talented new cohort of women’s historians, who are showing how some feminists managed to work across deep divisions for shared goals—and achieve significant victories through their cooperation.8

#### The time is ripe for activism

In seeking to close the widening gulf of income, wealth, and life chances in America, organizers face a daunting challenge. None of these three books discusses at any length the conservative countermobilization that led the at- tacks on poor people’s activism and union power, nor do the authors examine how the Right has achieved dominance, with significant corporate backing in a much-altered economy, since King’s death. From their well-fortified posi- tions in the White House, Congress, and the Supreme Court, conservatives came to control the policy-making and rule writing of U.S. political economy. A network of wealthy foundations and think tanks designs and spins their messages to be amplified as never before by media empires like Fox, while huge membership-based bodies, above all white evangelical churches, keep the pressure on Washington.

Yet, ironically, the Right’s very triumph in shredding the tattered safety net of AFDC has, it seems, provided potent new leverage to organizers on the left. The demand for “more money now” for recipients of public assistance was a hard sell in a nation as pro-capitalist and earning-obsessed as the United States, especially at a time when so many wage earners were struggling to make ends meet. But having forced poor mothers into the labor force, conservatives are now hard-pressed to explain why, if the “free enterprise” system is the cure-all they assured Americans it was, one in four adults working full-time year-round is still poor, as 35 million are. Harder still for the advocates of “family values” to explain is why it is ethical for employers to pay so little that mothers and fathers must hold two or more jobs to pay the bills, and therefore have only minutes a day to parent the children they love but rarely see. With the market proving its incapacity to end poverty in a nation whose core social contract is the American Dream, fair reward for hard work is looking like a trump card the right cannot match. As the welfare rights struggle flowed into the militant community organizing of the 1970s and 1980s, which in turn energized the new-style social justice unionism of today, a force was created that may yet tame the chaos that consumed America after Martin Luther King’s death.

## Symposium Figart 4

### 1 – Figart Intro

#### Case link turns fem and race

Figart 02 [Deborah M. Figart (Professor of Economics at Richard Stockton College, USA). “Introduction to living wages around the globe.” Living Wage Movements: Global Perspectives. 2002] AJ

While hours of work play a role in determining low pay, low-paid workers can also be found in year-round full-time jobs. The issue of poverty-level wages is especially crucial for women and workers from racial and ethnic minority groups (Sklar et al. 2001). Across the globe, the share of low-income workers is disproportionately female, and most likely employed in less-skilled sales and service occupations. These workers are cleaning buildings, preparing and serving food, tending to children, the elderly, and the sick, performing routine office tasks, or selling and sewing garments. Three recent studies underscore the seriousness of the problem. About one in six non-elderly Americans lives in a working poor family (see Kazis and Miller 2001). Depending on the definition, about one in seven employees in the European Union is low paid (European Founda- tion for the Improvement of Living and Working Conditions 2002). The incidence of low pay is greater for women than men in the USA, the Euro- pean Union, Canada, Australia, and New Zealand (Jepsen 2000: Table 1). Wom en, therefore, are the direct and indirect beneficiaries of policies and legislation, such as eradicating low pay, that are gender-neutral on the surface (see Blau and Kahn 1992; Rubery 1992; Hunter and Rimmer 1995).

## Fem

### Cards

#### Fem ROB type card – k2 thought, epistemology, etc

Peterson 05 [“How (the Meaning of) Gender Matters in Political Economy.” V. SPIKE PETERSON (Department of Political Science, University of Arizona). New Political Economy, Vol. 10, No. 4, December 2005] AJ

Across disciplines, feminist interventions have typically begun by exposing the omission of actual women and their activities, while also documenting how women and feminised activities are represented as inferior to male-as-norm (androcentric) criteria. In economics and political economy, feminists have exposed how men dominate the practice of and knowledge production about (what men define as) ‘economics’; how women’s domestic, reproductive and caring labour is deemed marginal to (male-defined) production and analyses of it; how orthodox models and methods presuppose male-dominated activities (paid work, the formal economy) and masculinised characteristics (autonomous, objective, rational, instrumental, competitive). As a corollary, ‘women’s work’ and feminised qualities – in whatever sphere – are devalued: deemed ‘economi- cally’ irrelevant, characterised as subjective, ‘natural’ and ‘unskilled’, and typi- cally unpaid. For most economists, social reproduction through heterosexual families and non-conflictual intra-household dynamics are simply taken for granted; alternative household forms and the rising percentage of female-headed and otherwise ‘unconventional’ households are rendered deviant or invisible.7 Mounting evidence of systematic exclusions prompts a new strategy: correcting androcentric bias by adding women and their experiences to existing analytical frameworks. New questions emerge regarding what counts as relevant data (marriage patterns, family budgets), appropriate sources (church records, personal diaries) and germane topics (caring labour, shopping, food preparation, sex work). From this expanded inquiry we learn more about women and everyday life, but also more about men and conventional topics. That is, rather than a masculinist focus exclusively on ‘the main story’ of men’s activities, we attend as well to the ‘background’ story that is rarely visible but which underpins and enables men’s activities. Not only do women’s lives become more visible, but the inter- dependence of both stories is illuminated, which also improves our understanding of the featured story and its primarily male protagonists. Hence, this ‘project’ not only adds women, but expands into investigating relationships among women’s and men’s identities, activities and inequalities of power. The most extensive and familiar feminist research emerges from noting the omission of women and adding them – as an empirical category – to prevailing narratives. This may seem methodologically simple, but often produces surprising results. Recall how Boserup’s 1970 study of the effects of modernisation policies on Third World women undercut claims that development benefited everyone. Subsequent ‘women in development’ (WID) research documented both how pol- icies and practices marginalised women and how their exclusion jeopardised development objectives.8 Numerous subsequent and ongoing studies demonstrate how a focus on women and gender improves our analyses. For example, feminists produce more accurate analyses of intra-household labour and resource allocation; move beyond quantitative growth indicators to improve measurements of human wellbeing; and document the value of ‘women’s work’ and its centrality to ‘devel- opment’, long-term production of social capital and more accurate national accounting. They investigate gender patterns in wages, migration, informalisation, subcontracted ‘home-working’ and foreign remittances. And Third World women especially demonstrate the importance of local, indigenous and colonised people’s agency in identifying problems and negotiating remedies.9 Making women empirically visible is thus an indispensable project. It inserts actual (embodied) women in our picture of economic reality, exposes how women and men are differently engaged with and affected by political economy, and reveals women as agents and activists, as well as victims of violence and the poorest of the poor. But adding women to existing paradigms also raises deeper questions by exposing how the conceptual structures themselves presuppose masculine experience and perspective. For example, women/femininity cannot simply be ‘added’ to constructions that are constituted as masculine: reason, economic man, breadwinner, the public sphere. Either women as feminine cannot be added (that is, women must become like men) or the constructions themselves are transformed (namely, adding women as feminine alters their masculine premise and changes their meaning). In this sense, the exclusions are not accidental or coincidental but required for the analytical consistency of reigning paradigms.10 The implications of this insight move us along the continuum, from more posi- tivist/rationalist epistemological commitments limited to understanding gender empirically to more constructivist and poststructuralist insistence that gender is also analytical. In effect, we move beyond critique to reconstruction of theory, and this has been particularly fertile terrain in the past decade. We also move beyond the dichotomy of men and women to the hierarchy of masculinity over femininity. Understood analytically, gender is a governing code that pervades language and hence systemically shapes how we think, what we presume to ‘know’, and how such knowledge claims are legitimated. Epistemological and ontological issues are more visible at this ‘side’ of the continuum because conventional categories and dichotomies are not taken for granted but problematised. Here we find more attention to discourse, subjectivities and culture, and more interrogation of foundational constructs (rationality, work, production, capital, value, develop- ment). Consistent with this, there is typically more evidence of theoretical discus- sion and debate, and more self-consciousness about analytical assumptions and how they frame the questions we ask, the methods we adopt and the politics they entail. At the same time, as a governing code gender systemically shapes what we value. In particular, gender privileges (valorises) that which is character- ised as masculine – not all men or only men – at the expense of that which is stigmatised (devalorised) as feminine: lacking agency, control, reason, ‘skills’, culture, and so on. To illustrate how a focus on analytical gender shifts the terms of debate I briefly consider two developments in gendered political economy.

#### In these debates originated the notion of a “living wage” and a respectable wage

Figart 02 [Deborah M. Figart is Professor of Economics at Richard Stockton College, New Jersey. Ellen Mutari is Assistant Professor of General Studies at Richard Stockton College, New Jersey. Marilyn Power is a member of the Faculty of Economics at Sarah Lawrence College, New York. “Living Wages, Equal Wages: Gender and labor market policies in the United States.” Routledge, London. 2002] AJ

The Consumers’ League constitution (quoted in Nathan 1926) began the process of defining a “fair house” by stating as its first principle that “the interest of the community demands that all workers should receive, not the lowest wage, but a fair living wage.” Responsibility for assuring fair wages and conditions lay largely with the public, in the League’s view, since neither workers (particularly women workers) nor employers were able unilater- ally to improve conditions. The League’s constitution placed responsibility firmly on consumers to discover whether the products they purchased were produced under conditions that were “at least decent, and consistent with a respectable existence on the part of the workers;” and argued that this “duty” was particularly pressing in the case of women’s work “since there is no limit beyond which the wages of women may not be pressed down.” Employers, they believed, were “virtually helpless” to improve conditions alone, even if they believed they should, since they would be undercut by less scrupulous firms. Progressive employers needed to be “sustained by public opinion, by law, and by the action of consumers.”

The Consumers’ League adopted a Standard of a Fair House (modified from a draft by the Working Women’s Society) that specified hours and conditions, as well as a more rigorous definition of a fair wage. A fair house, in the League’s view, gave equal pay for work of equal value, irrespective of sex. In addition, no experienced adult should receive less than six dollars a week, with only a “few instances” of earnings below eight dollars (Nathan 1926: 26–7; see also Sklar 1995).

A number of themes articulated in this early document were repeated consistently in the discussions of the minimum wage for women in the early twentieth century. First, the minimum wage was defined as a living wage, and tied to notions of decency and respectability. Second, the women workers were seen as incapable of improving their condition without outside help; they were viewed as helpless and exploited, with “no limit” to the degree of their exploitation. Third, public pressure had to be brought to bear, because competition among capitalists would prevent unilateral improvements in the conditions of their work forces even if progressive capitalists viewed those improvements favorably. Finally, the public was seen as having a compelling interest in the improvement of the condition of women workers. Establish-

ing minimum wages, maximum hours, and acceptable conditions of work for women was not solely a charitable act, but an act of public self-preservation, since the difference between a wage and a living would be made up at the public expense through such state-level programs as mothers’ pensions. This last theme, only implicit in the League’s constitution, became a major component of the debate in subsequent decades.

The requirement that a fair house provide equal pay for work of equal value is also worthy of note. This principle, paying the rate for the job, may be seen as an argument for wages as a price rather than wages as a living. At the beginning of this period, this principle was not perceived as being in conflict with the notion of a gender-specific minimum wage, since women were rarely employed in the same job categories as men, and the possibility of comparing value across job categories was rarely raised. Additionally, the proposed level of the minimum wage for women was so much lower than usual wages in male occupations that a female minimum wage was not considered to affect the wages of the few women lucky enough to find a niche in a male occupation. However, these two definitions of a fair wage, the rate for the job and a living wage for the (specifically female) worker, came into conflict early in the twentieth century, as feminists began to disagree among themselves over the use of protective legislation for women workers.

As states began to legislate minimum wages for women, the process resulted in considerable discussion and debate. Although there was popular support for the legislation, there was also opposition – often from employ- ers, but not infrequently from unions as well. Even among those in support of a minimum wage, there was ample room for debate about its specific level and the purposes it was to serve. In what follows, we will examine the discus- sion surrounding the establishment of minimum wages for women, focusing on the themes introduced by the newly created National Consumers’ League under the leadership of Florence Kelley.5 First, why were women, in particu- lar, seen as requiring this protective legislation? Second, why was protecting working women seen as a compelling public interest? And third, what, precisely, constituted a living wage for a woman worker?

#### Minimum wages were based on the notion that women were weaker and different from men

Figart 02 [Deborah M. Figart is Professor of Economics at Richard Stockton College, New Jersey. Ellen Mutari is Assistant Professor of General Studies at Richard Stockton College, New Jersey. Marilyn Power is a member of the Faculty of Economics at Sarah Lawrence College, New York. “Living Wages, Equal Wages: Gender and labor market policies in the United States.” Routledge, London. 2002] AJ

Arguments supporting a minimum wage for women in the Progressive Era nearly always made reference to their essentially different natures from men. Reformers often referred to working-class women as naturally timid and unable to defend their interests. In addition, some reformers believed that the inability of young women workers to bargain for adequate wages, combined with their desires for adornment and amusement, could lead them to immoral behavior. Popular literature in the late nineteenth and early twentieth centuries offered cautionary tales of poor working girls led into prostitution. These accounts became increasingly racialized in the early twentieth century in response to the wave of immigration from southern and eastern Europe and African American migration from the South to eastern cities. Native-born middle-class club women often viewed the new arrivals as morally weak. Historian Priscilla Murolo notes: Polite society’s aspersions on working women’s character were now aimed for the most part at race-specific targets. . . . Genteel reformers involved in protective work on behalf of new immigrants or African American migrants from the South regularly broadcast warnings that women from these groups were apt to wind up in houses of sin if left to their own devices. (Murolo 1997: 130–1) Perhaps because of this racialized content, many more progressive reformers chose to skirt the issue of prostitution, and spoke more generally about the problem of living “decently” on low wages. In addition, reformers were worried about moral pitfalls short of prostitution, stemming from the need of the impoverished inhabitant of a one-room tenement apartment to enter- tain male guests in the presence of her bed or to depend on a male friend for her supper. Essentialist arguments about women’s wages offer a clear example of wages as a social practice. Women’s wages needed to be neither so high nor so low that they jeopardized hierarchical gender roles. Most reformers were in agreement that women’s natures were such that they were uniquely in need of familial and public defense. But more importantly, most reformers believed that women’s appropriate role was in the home, not in the work- place (see, for example, Kelley 1912: 1003). Waged work was to occupy a relatively brief interlude between an early-ending childhood and the life of marriage and motherhood that was to be every woman’s true vocation.6 As such, women earned wages on a different basis than men, as temporary and presumably casual workers. It seemed inevitable then that their wages should diverge markedly from those of men. Economist C. E. Persons, in an analysis of data documenting women’s role as young, unskilled temporary workers, argued, “In the total labor force they form a separate non-competing group lower than any male group” (1915: 233). Further, according to this view, their wages needed only to support themselves, while men’s wages needed to support a family. Despite this “natural” divergence of wages, however, there was need for public vigilance to ensure that women’s wages did not fall below the level necessary for decency and morality because working women were the future “mothers of the race.” Taking their cue from the Muller ruling validating protective legislation, reformers argued that women who were weakened by long hours and poor diets jeopardized their all-important future role (see, for example, Hutchinson 1919: 82). The combination of weaker natures and the overriding importance of fulfilling their destinies as mothers made societal protection seem appropriate for them in a way it was not for men. This assumption about women’s proper role was deeply held and rarely ques- tioned. Those arguing for a more generous minimum tended to point out that a young woman needed to be able to afford a good outfit so that she could attend church socials and other respectable events where she might find a proper husband. In addition, establishing a minimum wage specifically for women seemed logical because women and men were seen by most participants in the public discourse as differing in fundamental ways in their consumption needs. Much of the difference can be explained by the assumption that men needed to support families on their wages. But beyond this, men and women were viewed as different in their habits and customs and in their biological requirements to such a great degree that establishing a living wage specifically for women seemed quite unproblematic. It was commonplace in setting up subsistence budgets to calculate expenses separately for men and for women. Women’s budgets differed from men’s in, among other factors, the presump- tion that they required less food. Benjamin Rowntree, a British social reformer of the period, for example, calculated that an adult man might require eight ounces of bread and one-and-one-half pints of porridge for breakfast, while a woman would require only four ounces of bread and one pint of porridge (cited in Armstrong 1932: 669). Indeed, the Women’s Bureau, in its review of state minimum wage laws, complained about the prevalence of men on the wage boards that established minimum budgets, arguing, “When it is realized that these boards were engaged in determining how much it cost working women to live, it is amaz- ing that a task whose problems were those of most women should have been given so largely to men” (Women’s Bureau 1928: 87). Men, the Women’s Bureau and other authors suggested, didn’t have a clue; women’s lives, needs, and lifestyles were too fundamentally different from theirs.

#### Wages were bumped in an effort to promote “motherhood”

Figart 02 [Deborah M. Figart is Professor of Economics at Richard Stockton College, New Jersey. Ellen Mutari is Assistant Professor of General Studies at Richard Stockton College, New Jersey. Marilyn Power is a member of the Faculty of Economics at Sarah Lawrence College, New York. “Living Wages, Equal Wages: Gender and labor market policies in the United States.” Routledge, London. 2002] AJ

Clearly, one reason the public was seen as benefiting from higher wages for women stemmed from its abiding interest in a healthy and well-brought-up next generation. Women as “mothers of the race” (a phrase used repeatedly in the discussion of the time) were a social asset; and weak, sickly, or immoral women who brought forth unhealthy or disruptive children were a liability. This was the logic of Muller v. Oregon and the impetus behind much of the support for state legislation protecting women workers. For example, the slogan of clubwomen who were the force behind the minimum wage in California was “Employed womanhood must be protected in order to foster the motherhood of the race” (Women’s Bureau 1928: 130). A rationale for regulating wages was to sustain social practices that preserved pre-existing gender relations in which women were defined as mothers. The phrase “mothers of the race” is illuminating. Protective legislation during the Progressive Era was rationalized in part on the basis of society’s interest in women’s reproductive responsibilities. The exclusion of occupa- tions held by African American women was indicative of the absence of a perceived social interest in their mothering role. As noted by historian Eileen Boris, the exclusion of jobs held by women of color from protective legisla- tion “suggests how the term ‘mother’ in the judge-made discourse [of the Muller decision] referred to white women” (1993: 234). It was the white race whose social reproduction was at stake in these early attempts at labor legislation.

#### FLSA was based in masculinity

Figart 02 [Deborah M. Figart is Professor of Economics at Richard Stockton College, New Jersey. Ellen Mutari is Assistant Professor of General Studies at Richard Stockton College, New Jersey. Marilyn Power is a member of the Faculty of Economics at Sarah Lawrence College, New York. “Living Wages, Equal Wages: Gender and labor market policies in the United States.” Routledge, London. 2002] AJ

Minimum wage legislation was thus advocated out of concern for men’s wages in “substandard” jobs. Historian Bruce Schulman holds that one of the primary aims of policymakers was “to provide more secure, better paying employment for the men they assumed to be the heads of these desperate southern families” (1991: 65). Wages in the South were a primary, but not the sole, concern. Low-paid immigrants, sometimes utilized as “scabs” (or strikebreakers), had long been considered a threat to the standard of living of white, native-born workers. Economist Robert Cherry (2001) argues that during the early twentieth century a distinction evolved between “good” immigrants (settled family men) and “bad” immigrants (single men who sojourned briefly in the U.S. before returning to their homelands). Extending

breadwinner status to married male immigrants could encourage and enlarge the first group relative to the second.

Establishing the minimum wage as consistent with masculinity was the first step. For labor leaders, the second step was to proclaim that dependence upon the decisions of wage boards was subordinate to collective bargaining. This inferiority was expressed using racialized language. In his testimony, Lewis compared reliance upon wage boards with “indentured servitude.” In contrast, collective bargaining empowered “free men” (U.S. Congress 1937: 286). The choice of indentured servitude as a symbol perfectly represents the intermediate status conferred upon male workers covered by the FLSA. In the labor parlance of the early twentieth century, “wage slavery” was the term for underpaid, exploited labor (Glickman 1997). Coverage by the min- imum wage did not imply slave status. The “whiter” concept of indentured servitude could be construed as a temporarily acceptable condition, although one that was still not fully free.

A more positive assessment of wage regulations that still asserted the same hierarchy was provided by the representative of a railway union, the Brotherhood of Maintenance of Way Employees (a union that represented African American as well as white workers):

We much prefer, of course, to establish our wages, hours, and working conditions through the process of collective bargaining, to which our organization is committed. . . . At the same time we believe it to be both right and the duty of the Government to concern itself with unreason- ably low wages or unjust working conditions when for any reason, whether it be lack of organization on the part of the men or ineffective- ness of organization, the wage earners find that they are unable to correct such conditions themselves through collective bargaining.

(U.S. Congress 1937: 1149)

Roosevelt himself made the distinction between collectively bargained wages and those covered by regulation. In his 1938 State of the Union message as Congress was still debating the FLSA, he argued, “We are seeking, of course, only legislation to end starvation wages and intolerable hours; more desirable wages are and should continue to be the product of collective bargaining” (Roosevelt 1967b [1938]: 2836). The Report of the Senate Committee on Education and Labor, authored by Hugo Black, also hammered home the distinction: “It is only those low-wage and long-working-hour industrial workers, who are the helpless victims of their own bargaining weakness, that this bill seeks to assist to obtain a minimum wage” (U.S. Senate 1937: 4).

There was irony in asserting the compatibility of masculinity and state protection through an argument that the law was designed to enable men to support their families. Throughout the hearings, the legislators and some witnesses took note that the 40-cent minimum for forty hours per week, as specified in the initial bill, was not really thought to be sufficient for “a man

and wife with two or three children” actually to support themselves. When directly asked about this contradiction, Sidney Hillman argued that “what is necessary is to lay as a foundation the principle that we are going to guarantee American labor a minimum” (U.S. Congress 1937: 953–54).

#### Racialized too – cont.

Figart 02 [Deborah M. Figart is Professor of Economics at Richard Stockton College, New Jersey. Ellen Mutari is Assistant Professor of General Studies at Richard Stockton College, New Jersey. Marilyn Power is a member of the Faculty of Economics at Sarah Lawrence College, New York. “Living Wages, Equal Wages: Gender and labor market policies in the United States.” Routledge, London. 2002] AJ

Within the working class, if union men were hegemonic and state-protected would-be breadwinners were subordinate, those excluded from state protec- tion – particularly black men – were subordinated still further (see Palmer 1995). The exclusion of agriculture and other provisions in the FLSA effect- ively defined African American males out of state-protected male breadwinner status. Another layer of hierarchy was created. The implicit exclusion of African American men was also linked to cultural acceptance of and eco- nomic dependence on African American women’s paid labor. Since multiple earners were considered a norm – albeit an inferior one – for black families (especially in agriculture), the exclusion of minority-concentrated occupa- tions from family wages under the FLSA did not trouble most policy makers. Robert Lieberman, in a study of New Deal social welfare policies, contends that:

race-laden policies are not simply programs whose tendency to exclude by race is merely incidental or accidental. Race-laden policies, rather, reflect racially structured power arrangements – class conflicts, party coalitions, political institutions, and the like whose characters are shaped by racial distinction – that produce public policy.

(Lieberman 1998: 7)

During the hearings, a representative of the National Negro Congress, John P. Davis, expressed concern that the FLSA would not offer protection to African American workers (U.S. Congress 1937: 571–6). Using the argu- ment that low wages for African Americans threatened white workers, he admonished the Senators and Representatives that:

This bill is supposed to be intended to help those workers whose lack of collective bargaining power renders them capable of exploitation by employers. As it stands it does no such thing. . . . It provides for all manner of exemptions through which hundreds of thousands of workers may be excluded from any meaningful improvement of their condition. . . . Once you permit employer-pressure groups to secure exemptions and differentials affecting half a million Negro workers, you will find that the very exploitative conditions you hope to cure by this bill will not be cured. Instead, the growing impoverishment of Negro workers will be the ugly cancer preventing the improvement of the lot of a much larger number of white workers.

(U.S. Congress 1937: 573–4)

Davis argued forcefully but unsuccessfully for a unilateral wage floor without exemptions or deductions.

Again, the delineation of masculinities interacted with economic interests. In the south, agriculture was labor-intensive rather than mechanized. Tenant farms, the site of employment for many African American families, were based on paternalistic arrangements whereby labor services were directly exchanged for other goods and services. Southern employers argued that these paternalistic relationships substituted for welfare state intervention. Logically, then, if the minimum wage was an attempt to raise the wages of heads of households, male tenant farmers – both black and white – were denied this status because of their subordinate position in a paternalistic social structure. Agriculture was thus excluded from the FLSA partly on the basis of the subordinate masculinity of these men.14

Even with agricultural labor exempted from coverage, opponents expressed concern that higher wages in manufacturing industries would siphon off the supply of labor for farms (U.S. Congress 1937: 688; 762). Southern employers also claimed that Southern black labor was less efficient than white workers in the North, justifying wage differentials by occupation, region, and sometimes explicitly by race. For example, the president of a Houston, Texas, tool company defended unequal wages by race because “there are certain tasks that are colored, and there are certain tasks that are white,” using occupational segregation to defend race-based wage differentials resulting from exclusion (U.S. Congress 1937: 248).

The ethnicity of different segments of white workers was rarely men- tioned directly during the hearings. One brief discussion is instructive. During Hillman’s testimony, several Congressmen criticized the perception by unnamed parties that immigrants and children of immigrants in northern factories were “a stronger and sturdier race” who were more efficient than the “old stock” in the south (U.S. Congress 1937: 951). Hillman disputed this contention, defending the productivity of southern workers in the ACWU. Racial-ethnic stereotypes about immigrants were apparently used to defend North–South geographic differentials.

#### Genderized and sexist – cont.

Figart 02 [Deborah M. Figart is Professor of Economics at Richard Stockton College, New Jersey. Ellen Mutari is Assistant Professor of General Studies at Richard Stockton College, New Jersey. Marilyn Power is a member of the Faculty of Economics at Sarah Lawrence College, New York. “Living Wages, Equal Wages: Gender and labor market policies in the United States.” Routledge, London. 2002] AJ

Masculinity was not the only aspect of gender on the table. Legislating min- imum wages elicited familiar debates over women’s relationship to the labor market and, consequently, whether they should be paid at parity with men. The question facing policy makers was should living wages be equal wages – that is, should the FLSA, like the NIRA, permit different minima for men and women in the same industry?

Landon Storrs argues that, during the Depression, “The sheer scale of male unemployment triggered intense anxiety about the emasculation of American men. This preoccupation with manhood obscured both female unemployment and the increased importance of women’s paid and unpaid

labor to family survival” (2000: 90). Economic hardship intensified the aver- sion to married women’s employment that was exhibited at the 1923 confer- ence on women in industry described in Chapter 1. Married women were scapegoated for the problem of men’s unemployment. The backlash was particularly strong in the professions, where a few college-educated women had made gains during the 1910s and 1920s. There was a virtual bar on married women’s public-service employment, codified in a 1932 law that prevented the employment of two spouses by the federal government. Numerous states and localities, as well as private-sector employers, followed the model set by the federal government and restricted the employment of married women (Scharf 1980; Goldin 1990). Yet families needed extra earners more than ever.

As previously noted, many female-dominated jobs were located in firms that did not fall under the purview of the interstate commerce provisions of the bill. However, some women who worked in manufacturing were covered. For these women, the assertion of equal minimum wages was a crucial aspect of the bill. Above the minima, gender-based wage differen- tials would be legal (until the FLSA was amended with passage of the 1963 Equal Pay Act). Yet equal wages, even at the minima, was a difficult con- cept for many at the hearings, including both members of Congress and those who testified. Secretary Perkins was questioned three separate times about whether the bill permitted separate minima by sex, which she adam- antly denied. The confusion may have been magnified by the labor union discourse that attempted to label the minimum wage a male breadwinner wage.

T. W. McCreary, of the Phoenix Glass Company in Monaca, Pennsyl- vania, a unionized company with over 500 employees, noted, as a matter of course, that his firm and the union representing his employees had set gender differentiated starting wages: “We have a minimum wage agreement with [our] own organization of 40 cents for male and 32 cents for female workers” (U.S. Congress 1937: 1167). He proceeded to express concern that the bill did not provide for lower wages for female employees. In his plant, he asserted, women do work that is “light, not dangerous, easily performed” (1168). McCreary continued:

We do not believe female help should be placed at the same wage-rate basis as the male for the reason that they do not perform exactly the same work, and in cases where we have had experience of both male and female on the same line of work we have found they are not competent to perform the same work as efficiently as the male is.

(U.S. Congress 1937: 1168)

Robert Luce, a Massachusetts Congressman and co-owner of the Press Clipping Bureau, took a slightly different tack. His company hired young girls to clip and categorize newspaper articles. Turnover rates, he argued,

were high: “For all of them, it is a temporary occupation, as is true in the case of most women, to be terminated, naturally and wisely for the public good, by marriage” (U.S. Congress 1937: 845). With women, he maintained, revolving-door employees necessitated lower wages to compensate for train- ing costs. Male workers were trained with the expectation of years on the job and a career ladder. Rather than request gender-based wage differentials, however, Luce proposed exempting young people under 21, foreshadowing the debate decades later on a youth sub-minimum wage.

Race also played a role in defining women’s status. African American women’s simultaneous inclusion in the labor market and exclusion from wage regulations constituted an important aspect of the way in which race was practiced. The two occupations in which African American women’s employment was overwhelmingly concentrated, domestic service and agri- cultural labor, were both excluded from coverage. This pairing is ironic: domestic service was quintessentially women’s work while arduous agri- cultural labor was quite the opposite (Jones 1986). Yet the legacy of slavery was that these two spheres remained open to African American women. Considered neither “mothers” under the state minimum wage laws nor “breadwinners” under the federal law, African American women were left to forge their own definitions of womanhood.

#### LW good – solvency card

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Current living wage initiatives can be seen as attempts to reassert the pro- visioning view of economic activity, and to give community interests and well-being primacy over market forces. These movements bring “living wages” and “equal wages” discourse into harmony, by asserting both the needs and the contributions of workers who were neglected by previous wage policies. A true commitment to living wages is not impossible, but it would require political courage and the willingness to face down vested interests that adamantly oppose even modest increases in the minimum wage. It would also require challenging the mystified vision of the market that has become hegemonic since the 1980s. One example is illustrative. Writing in the Boston Globe, N. Gregory Mankiw, a leading neoclassical economist, critiqued the efforts of student activists at Harvard University (where Mankiw teaches) to demand that the university pay a living wage to its workers. While the students’ hearts were in the right place, Mankiw argued, their strategy was flawed because, in the words of the article title, “We can’t ignore [the] law of supply and demand” (Mankiw 2001: D8). Repeating the postwar orthodoxy, Mankiw depicted markets as impersonal and well-tuned machines rewarding productivity without reference to the personal characteristics of workers: “The major difference between high-wage workers and low-wage workers is not that the former are better organized or better liked by their employers – it’s that their higher productivity enhances the demand for their services” (2001: D8). Many decades of repetition of the importance of an unobstructed market, and the dangers of interference, make this struggle difficult to bring to the national level. Voicing alternative theories about how political-economic institutions can serve to foster well-being is an essential task facing feminist scholars. So is seeking to impact policy debates. We believe that the two broad principles that we have identified in the twentieth century – living wages and equal wages – can also serve as a guideline for policy in the twenty-first. To estab- lish the principle that work should earn a socially defined appropriate living standard, we need to strengthen current minimum wage laws by instituting a mechanism (such as indexing) that regularly raises the wage floor. Living wage ordinances that require a family-sustaining wage in exchange for government subsidies or contracts provide an interesting model for federal policy makers if they are well monitored, but only a beginning. To ensure equal wages, the first step is better enforcement of the existing Equal Pay Act (as well as Title VII of the Civil Rights Act). Beyond this, it is time to legislate the principle of pay equity for undervalued job categories, both female-dominated and minority concentrated. Each of these policies should be constructed to provide workers with both needs and choices, the essential elements of well-being.

#### All 3 views of wages play a role

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To develop a feminist political economy framework, we have relied upon the groundwork established by institutionalist and radical economists and by feminist theorists. Our multidimensional approach not only allows us to tell a richer and less deterministic story, it also highlights the differing experiences of wage earners by gender, race-ethnicity, and other salient characteristics. The three faces of wage setting identified at the outset of our journey through twentieth century wage policies and practices are meant to call attention to these dynamics. They are not intended as neces- sarily competing frameworks, but as different dimensions of the wage- setting process that economic actors have chosen to underscore to greater or lesser degrees. In our view, each of these dimensions – wages as a living, wages as a price, and wages as a social practice – captures important elem- ents that interact with each other in a given place and time. Figure 10.1 illustrates these interactions, providing a framework for understanding wage-setting processes. Wages as a living refers to the concept of setting wages according to socially defined appropriate living standards in order to maintain the reproduction of the labor force and macroeconomic growth. Classical political economists such as Marx emphasized that the relative bargaining power of capitalists and workers at the level of the economy as a whole determined how these living standards were defined. Systemic needs, for social reproduction and sustain- able growth, also influence living standards. Therefore, in our diagram, bargaining power and macroeconomic dynamics are depicted as factors determining the level of appropriate living standards. Bargaining power itself is influenced by many factors, including the level of employment, the degree of unionization, and technology. As the price of an input to the production process, wages are a cost that must be offset by an at least equal benefit to the individual employer pur- chasing labor services – the equality of exchange. This benefit is the revenue gained by selling labor’s product. Market mechanisms, specifically adjust- ments in the quantity of labor supplied and demanded, are hypothesized to regulate wages until costs and benefits are equalized. Labor markets are there- fore depicted in the figure as factors determining wages as a price. Demand for labor, for example, in neoclassical analysis, is primarily based upon the mar- ginal productivity of workers and the structure of product markets that influences the revenue earned by selling labor’s product. Job evaluation sys- tems can also be used to set relative wages within firms; however, as we saw in Chapter 7, these are often designed in a way that replicates market wages outside the firm. We have identified wages as a social practice because they are a means of reinforcing or redefining how women and men of different classes, races, and ethnicities should live. Factors influencing social practice therefore include gender, race-ethnicity, and class identity. During much of the twentieth cen- tury, the male breadwinner family was a hegemonic archetype and institution for situating not only one’s gender, but also one’s race-ethnicity and class identity as well. Social practices are organized by gender, class, and race- ethnicity in the workplace, the union hall, the welfare office, and other locations in addition to the family. All three dimensions of wages – living, price, and social practice – influ- ence the level of workers’ current wages (the center of the diagram). Since there are feedback effects between current wage levels and the three dimen- sions, the arrows are bi-directional. The state is positioned on the left side of the diagram as an institution influencing the seven factors we have identified. The type of market system, for example laissez-faire or welfare state capital- ism, is structured in part by the state. Specifically, labor markets are con- structed through a political process that is aided and abetted by government policies and programs. As we have seen in our analysis of wage regulations in the twentieth century, the state affects workers’ and employers’ bargaining power and the macro economy. Its actions influence social practices that define living standards. Through entities such as the National War Labor Board, the state has also influenced administrative procedures within firms such as job evaluation. Other institutions – unions, employer organizations, families, for instance – impact these processes, though we highlight the state because of our focus on wage regulation. Figure 10.1 also indicates that none of the three dimensions of wage setting exists in isolation from the others. In contrast with neoclassical models that isolate the price dimension of wages, our framework places labor markets within a larger context. For example, the economics literature on discrimin- ation, like the implicit wage theories used by advocates of pay equity, can be seen as constructing an argument that the wages of certain groups are not set at the appropriate price. (For an overview of labor market discrimination theories, see Figart 1999.) Because wages are a social practice as well as a price, other considerations besides a rational economic calculus of costs and benefits enter into the process. According to mainstream economists, dis- crimination interferes with fair wage setting by violating the equivalency of productivity and remuneration. Gary Becker has proposed that individuals (either employers or coworkers) may have an irrational “taste for discrimin- ation,” developed outside the labor market, that causes the employers who have or cater to such tastes to pay a wage premium for desirable workers. Uninhibited market forces should punish such discriminators, according to Becker, since nondiscriminating firms that do not pay a premium would be more competitive.

#### Cardable – I defend fem practice theory

Figart 02 [Deborah M. Figart is Professor of Economics at Richard Stockton College, New Jersey. Ellen Mutari is Assistant Professor of General Studies at Richard Stockton College, New Jersey. Marilyn Power is a member of the Faculty of Economics at Sarah Lawrence College, New York. “Living Wages, Equal Wages: Gender and labor market policies in the United States.” Routledge, London. 2002] AJ

The postmodern challenge to the concept of “women” as a unified category has generated a quandary: How can the legitimate insights of contemporary feminist theory be attended to by those of us in the social sciences without losing sight of the emancipatory project that sparked feminism? This quan- dary has led to the search for “a form of social theory that gives some grip on the interweaving of personal life and social structure without collapsing towards voluntarism and pluralism on one side, or categoricalism and bio- logical determinism on the other” (Connell 1987: 61). For some, practice theory meets this challenge. Practice theory has its roots in the existentialist thought of de Beauvoir, Jean-Paul Sartre, and in recent work by Pierre Bourdieu, Anthony Giddens, and others. It has been elucidated by gender theorists such as Connell in his books Gender and Power (1987) and Mascu- linities (1995), and Sherry Ortner, in her book Making Gender (1996). We propose that their interpretation of the relationship between gender and practice can be a fruitful basis for a feminist political economy of wages. The concept of practice focuses on human agency in constituting the social relations in which we live. However, social practice is not comprised of random or purely individual acts. Connell, for example, conveys that “Social practice is creative and inventive, but not inchoate. It responds to particular situations and is generated within definite structures of social relations” (1995: 72). Methodologically, Sherry Ortner (1996) proposes that practice theory therefore walks the tightrope between determinism and relativism. She claims that attention to practice can recover the role of power and agency lacking in much of poststructural gender theory. Human agency is constrained by the prevailing social order but is also capable of remaking these structures, although not according to an underlying narrative or histor- ical trajectory. Similarly, Evelyn Nakano Glenn argues for an interpretation of gender that considers both material relations and cultural meanings, a “middle ground between essentialism and antiessentialism” (1998: 32). In practice theory, gender is treated as an “organizing principle” of social structures rather than simply a characteristic of individuals (Glenn 1998: 33). Family and kinship are not the only locus of gender. Indeed, confining gen- der analysis to a single locus (e.g. the family) is itself a form of masculine bias. All social structures and institutions, including the labor market and the state, are structured by gender. As development theorist Naila Kabeer sug- gests: “Gender is seen to be an aspect of all organizational relations and behavior, more distinct and explicit in some institutional locations than others, but always interacting to shape the identities, practices and life- chances of different groups of women and men in quite specific ways” (1994: 61). Gender relations are continually reproduced or transformed through a series of social practices; this is an ongoing historical process. There may be more or less harmony about prevailing gender structures, depending on the level of discord and resistance (Connell 1987: 63). For example, the waves of feminist activism were periods in which gender structures were intensely questioned and, to some extent, modified. Although gender as a structure of social practice has been the primary subject of this literature, gender is not the only way of organizing social practices. Race-ethnicity, class, and nationality are other means of structur- ing social practice (see Williams 1995; Brewer 1999). In fact, there are mul- tiple masculinities and femininities as gender intersects with these other structures. How gender is structured in a particular time and place thus reflects the relative dominance of different social interests. Connell (1995) uses these insights to develop the concept of hegemonic and subordinate masculinities. Hegemonic masculinity is the cultural ideal of the moment – such as being a married, heterosexual breadwinner – even though diverse forms of masculinity may be practiced.

#### Here’s how it influences wages – cont.

Figart 02 [Deborah M. Figart is Professor of Economics at Richard Stockton College, New Jersey. Ellen Mutari is Assistant Professor of General Studies at Richard Stockton College, New Jersey. Marilyn Power is a member of the Faculty of Economics at Sarah Lawrence College, New York. “Living Wages, Equal Wages: Gender and labor market policies in the United States.” Routledge, London. 2002] AJ

Feminist practice theory has important implications for wage setting. We are introducing an application of this theory in asserting wages as form of social practice. A working definition of this aspect of wage setting is that wages are a socially embedded activity that can either reproduce or transform social relations and institutionalized norms. In fact, economic actors involved in debates over wage regulations clearly and overtly acknowledged that wages reflected and influenced gender relations. First, cultural and ideological understandings of workers’ appropriate places, centrally affected by notions of gender, class, and race-ethnicity, affect actual wage outcomes. Further, wages were seen as a means of establishing particular forms of gender, class, and race-ethnic relations. Wage practices, for example, could extend the con- cept of a male breadwinner family to working-class families or keep it as a middle-class prerogative. Wage practices could encourage or discourage women’s labor force participation, occupational segregation by gender and/ or race-ethnicity, and/or class divisions among members of the same gender or racial-ethnic group. Gender relations are not the only structures or institutions constituted by wage practices. There is a parallel literature examining the social practices that constitute race. Michael Omi and Howard Winant (1994 [1986]) present an analysis of racial formation since the 1960s, examining the various con- texts in which racialized meanings and identities are created and contested. Focusing on “the social practices that reproduce [labor market] discrimin- ation,” Rhonda Williams argues for a contingent historical approach (1995: 304). She critiques neo-Marxist theories that reduce discrimination theory to a “divide and conquer” strategy by employers (see, for example, Reich 1981). Cross-class alliances between capitalists and white male workers were not inevitable, but rather the result of complex and contradictory forces. One of these was the agency of white workers themselves. Our treatment of social practice stresses the similarity of these inter- disciplinary gender and race theories and the methodological approaches of radical institutionalism and nondeterminist forms of Marxism. The foun- ders of institutional economics emphasized the importance of cultural norms and values in the development of economic institutions. Method- ologically, the economy was treated as a process in which causality is both contingent and cumulative; the neoclassical quest for equilibrium conditions was rejected. More directly related to our discussion of wages as a form of social practice is the “Veblenian dichotomy” between two forms of valu- ation. Inspired by Thorstein Veblen’s work, institutional economist Clar- ence Ayres distinguished between instrumental value, based on the degree of enhancement of the quality of social life, and ceremonial value, based on status (Waller 1999b). Wage setting as a social practice can be used to confer status and permit “invidious distinctions” between different groups. Contemporary radical institutionalists draw upon and expand this tradition (Dugger 1989; Dugger and Waller 1992; Peterson and Brown 1994). There is tremendous overlap between this work and non-determinist schools of Marxism (Brown 1989; O’Hara 1995; DeMartino 1999).

#### More of how wages are infl by fem practice theory

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Feminist political economy contributes to the discussion of wage setting in two ways. First, feminist critiques of existing theory assert that market wages and concepts of a living wage are gendered, that is, influenced by prevailing gender norms. As we have seen, gender does not actively figure into these theoretical constructs developed by classical and neoclassical economists. Gender is a complication to models in which the basic process of setting wages is thought to be gender neutral. At best, gender is treated as a bias that distorts “pure” outcomes. Gender is empirically treated as a “dummy variable,” something to be controlled; this implies that it is mar- ginal to the analysis (Figart 1997).10 As noted by sociologist Joan Acker, “Variables interacting with other variables are only constructs with no agency to do anything” (1991: 391). Thus, if we limit our understanding of wages to these two dimensions, living and price, we lose sight of the central- ity of gender, not as a variable but as an active feature, in labor market processes. Second, and more specifically, we argue that wages are a means of estab- lishing and reinforcing what men and women should be doing and how they should live. The assertion that wages constitute a gendered social practice is based on a series of premises: (1) The concept of gender is the foundation of feminist theory; (2) although there are alternative formulations of gender theory, recent work in practice theory seems most useful, especially for polit- ical economy; and (3) applied to labor markets, we suggest that wages are themselves a social practice, and that the institutional arrangements and pub- lic policies that influence wages are also important social practices. Feminist research on the welfare state provides a model for analyzing gendered and racialized public policy as a social practice. Therefore, three theoretical threads – wages as a living (the basis for classical political economy), wages as a price (the core of neoclassical and neo-institutional economics), and wages as a social practice (our feminist contribution) – are the basis upon which economic actors make claims about what wages, men’s as well as women’s, should be.

#### Wages are tied up with notions of race, gender, and class

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From the moment women became an established presence in wage labor, questions were raised about what their labor should be worth. The struggle of male workers for a family wage implied the presence of a wife who did not financially support herself or children. Mothering was identified as women’s primary life purpose. Should women, then, be paid as much as men, or should they be paid less, so as to maintain their dependent relation to men? Would paying women “too much” encourage them to abandon their roles as wives and mothers for lives of alleged waged comfort and ease? Would pay- ing them “too little” injure their health (and therefore their futures as mothers) or drive them into prostitution? Was the relative value of mother- ing versus paid labor different for working-class and nonwhite women than their white, middle-class sisters? Debate over women’s wages ranged over the entire twentieth century and continues today. And, as these questions make clear, it was not simply a debate over objective market values. What women should be doing and how women should live were questions that infused the debate from the beginning, with class and race-ethnicity playing central, although not always explicit, roles. Men, too, have gender, and debates over their wages were also inflected with gender, race-ethnicity, and class implica- tions. As Nancy Fraser and Linda Gordon comment, “The family wage . . . was a vehicle for elaborating meanings of dependence and independence that were deeply inflected by gender, race, and class” (1994: 319). Women’s and men’s wages therefore derived from a complex interaction of social and cultural assumptions, market forces, and government regula- tion. This book traces the debates leading to government regulations and policies regarding wages over the course of the twentieth century to illustrate this interaction. Public policy discussions offer a rare opportunity to exam- ine the underlying assumptions about wage setting during a particular histor- ical period. During debates over wage regulations and practices, economic actors often pause to articulate implicit wage theories, that is, what they see as the basis for setting wages. These implicit wage theories affect wage outcomes directly, as these same actors (employers, unions, etc.) interact in labor markets.

#### Living wages are a fluid and evolving concept in the 20th century that operated on racialized terms

Figart 02 [Deborah M. Figart is Professor of Economics at Richard Stockton College, New Jersey. Ellen Mutari is Assistant Professor of General Studies at Richard Stockton College, New Jersey. Marilyn Power is a member of the Faculty of Economics at Sarah Lawrence College, New York. “Living Wages, Equal Wages: Gender and labor market policies in the United States.” Routledge, London. 2002] AJ

The Great Depression provided a climate in which the programs long advocated by social feminist reformers could be institutionalized as national policies. The New Deal legitimated the concept that wages were a living and some minimal standard should be enforced by the state. The big difference between state minimum wage laws and the Fair Labor Standards Act of 1938 was that the New Deal legislation was written to be applied equally to men and women. The legacy of the earlier state-level experiments was that labor legislation was stigmatized as appropriate only for weak members of the labor force. Although the FLSA established a gender-neutral minimum wage, it was primarily directed toward male workers, particularly unskilled and unorganized male workers in manufacturing. Economic debates about mar- ket mechanisms, purchasing power, and regional costs were accompanied by discourse attempting to reconcile protective legislation for men. This was accomplished by differentiating masculinities and establishing a hierarchy based upon occupation, union status, and race. Women’s wages and their need for a living wage became marginalized in this process. Passage of the FLSA did not bring an end to the battle for a living wage. Organized labor, strengthened by the symbolism of federal recognition of the right to bargain, focused on various strategies for raising wages for their (mostly male) members. Unions also remained at the forefront of periodic campaigns to raise the floor. Women’s groups stuck with the increasingly ineffectual state laws, until 1969 when litigation resulted in a decision that gender-specific legislation violated Title VII of the Civil Rights Act. FLSA coverage was extended to many new groups of workers through a series of amendments in the 1960s and 1970s. For example, a 1961 amend- ment to the FLSA greatly expanded the number of workers covered in the retail trade industry. In 1967, laundries, public schools, nursing homes, the construction industry, and some farm workers became covered (see Elder and Miller 1979; Nordlund 1997). These reforms were linked to President Johnson’s War on Poverty and the civil rights movement, and they clearly benefited many African American workers. However, in the early 1970s, the minimum wage for farm workers was set below that of other covered work- ers; this differential was eliminated in 1977. Changes in 1974 were aimed at workers who were excluded on the basis of the interstate commerce requirements. Specifically, some categories of domestic workers (those with fairly regular employment) were now included. Employees of small retail establishments were added fairly late, in 1989. Thus, many once excluded workers are now included under the (living wage) umbrella offered by the FLSA. The transition from the minimum wage as a state-level policy for women to a gender-neutral federal policy aimed at male workers illustrates the fluid- ity of the meaning of living wages as a basis for policy and wage setting. Living wages is an organic concept, evolving with changing circumstances. While setting the level for state minimum wage laws opened up discussions about how women should live, men’s wages were clearly identified with a living for breadwinners. Different definitions of a living wage were utilized with respect to different groups of workers. Living wages is a plural, not a singular, idea. Hence, the movement in the U.S. in the twentieth century has been a movement for living wages, rather than a living wage. Nevertheless, while fighting for living wages, feminists and others also advocated policies that would offer similar living standards and life options to different groups of workers. This movement for equal wages existed contemporaneously with the movement for living wages, yet did not gain a strong foothold until mid-century.

#### Women stand at the intersection of structural issues trapping them in poverty – low wages are the primary determinant

Snarr 11 [C. Melissa Snarr, “WOMEN’S WORKING POVERTY: Feminist and Religious Alliances in the Living Wage Movement.” Journal of Feminist Studies in Religion, Volume 27, Number 1, Spring 2011, pp. 75-93] AJ

One reason feminists have worked for gender-neutral living wage ordinances is the disproportionate number of women in “working poverty” in the United States (or women who work full time and still cannot provide for their family’s basic needs).9 In the last several years, the “gender gap in poverty” has held steady with women 1.2 times (approximately 124 percent) more likely than men to live below the federal poverty line.10 This gap exists across most major racial/ethnic groups (in other words, 26.1 percent of African American women fall below the federal poverty line compared to 22.5 percent of African Ameri- can men, 25.9 percent of Hispanic women compared to 22.5 percent of His- panic men, and 11.3 percent of white women compared to 9.6 percent of white men).11 Moreover, while poverty rates for men and women are relatively the same in childhood, they increase significantly for women in their childbearing years.12 Thus a gendered analysis of poverty has become increasingly prominent even as the single-year gender gap in income has been closing. In the late 1970s, the feminization of poverty became an accepted analytical term as scholars such as Diana Pearce observed increased poverty rates for women and children.13 But rather than focus on the growth of “female-headed households” as the primary factor in the gendered poverty gap, recent scholar- ship paints a more complex picture of women’s working poverty. This scholarship, much of which living wage activists have adopted, argues that women’s predominance in low-wage occupations, inadequate institutional support (for example, lack of child care, familial allowances, and child support), and lack of assets leave women particularly vulnerable to poverty. Perhaps most prominent, living wage organizers embrace feminist econo- mists’ and sociologists’ argument that the predominance of women in low-wage occupations is the key factor in the feminization of poverty. In 2009, 63 percent of the workers who earned the federal minimum wage were women.1 Women, particularly African American and Hispanic, also disproportionately dominate the lowest-wage occupations, which, according to the U.S. Bureau of Labor Statistics, are: (1) food-preparation, food-serving, and food-related occupations; (2) buildings and grounds cleaning and maintenance; and (3) personal care and service. In her analysis of gendered poverty in seventy American cities, Sara Lichtenwalter concludes that the percentage of females employed in low-wage occupations, not single female-headed households, is “the primary determinant” of the feminization of poverty. In fact, as Lichtenwalter’s quantitative regression analysis of census data shows, “there was no evidence of a unique impact from the percentage of female headed families in each city, or the study’s other inde- pendent variables, on the gender poverty gap, with the exception of their contri- bution through the proportion of females in the lowest wage occupations. This study provides empirical support for the likely ineffectiveness of [Temporary Assistance for Needy Families] initiatives promoting employment and marriage for alleviating female poverty.”15 In a similar manner, living wage activists focus on increasing wages, not just employment and certainly not marriage. Although wage growth has been greater overall for women than for men since 1970, feminist living wage activists also note that even in closing the sin- gle-year gender wage ratio, the story is one of gain through loss. Particularly for those in working poverty, closing the single-year gap is tied to the fact that men in the lowest income brackets are generally paid minimum wage, which has been falling in real dollar value for decades. For the working poor, gender equity in wages is illusory, in part because low-wage men are struggling so much in the labor market as well.16 Feminist researchers add to these arguments by cautioning that the picture is more complicated than simply “closing” the single-year gender wage gap.17 Women’s earning power over time is important if we are to notice the myriad ways that unpaid labor curtails women’s lifetime earnings. Currently, the U.S. Bureau of Labor Statistics calculates the gender wage ratio for a single calendar year of full-time earnings. The ratio compares male and female wages in the same occupations during a one-year period. However, if women’s earnings are analyzed cumulatively and longitudinally (as, for example, over the course of a fifteen-year period in the “Panel Study of Income Dynamics”), the gender income gap is even more pronounced, due to the lower number of hours that women work over a working life and their years without pay due to family care.18 Economists Stephen Rose and Heidi Hartmann maintain that when earnings are analyzed longitudinally, women in their “prime working years”—between twenty-six and fifty-nine—earn only 38 percent of what men earn during the same period.19 Because women still bear most of the burden of unpaid home- based labor, including child and elder care, the majority of women—52 per- cent—will miss one full year of earnings in their prime earning years, whereas 16 percent of men will do the same. Education and experience do not pro- tect women from this significant income loss over their life span. But because women overwhelmingly hold the lowest paid jobs in the United States and do most of the economy’s unpaid labor, particularly in caring for children and the elderly, they are at greater risk for working poverty if they divorce or never marry, especially if they have children.20 Moreover, women’s disproportionate lack of wealth (or assets minus debts) accumulation over their lifetime leaves both them and their dependents far more vulnerable to economic downturns or emergencies than men. We see this most dramatically among African American and Hispanic women who, on aver- age, garner very little wealth over the course of their lives. As Mariko Chang observes, during their prime working years, “the median wealth for women of color is only $5 [excluding the depreciating assets of automobiles]. Prior to age 50, women of color have virtually no wealth.”21 This lack of single-generation wealth accumulation intersects with little inheritance (a long-standing effect of prior racist legal and economic regimes), placing African American and His- panic women in positions of greater vulnerability as they seek to navigate the low-wage labor market. As Martha Gimenez also argues, “For men, poverty is often the consequence of unemployment and a job is generally an effective remedy, while female poverty often exists when a woman works full-time.”22 In this manner, Gimenez reminds readers that it can be misleading to see gen- der as the most important variable leading to poverty: “Gender matters among those whose social class location reduces them to the need to work for their economic survival.”23 “Propertyless women” are most at risk of becoming poor and this reality is simultaneously raced and gendered.2 Ultimately, scholars of the feminization of poverty track not only income inequality but also the “inequalities and biases within households, labor mar- kets, legal codes, and political systems throughout the world” that make women more vulnerable to poverty.25 Through this lens, women in the United States are also more vulnerable to working poverty as compared with other industrial- ized countries due to limited state supports (through family allowances, child care, paid family leave, and so on), less robust child-care support from fathers (most of whom are also poor), and lack of asset ownership.26 Compared to other industrialized Western countries, the largest gap between female and male poverty rates is in the United States.27 In 2009, 39.9 percent of families with chil- dren under age eighteen fell below the poverty line who lived “with a female householder, no husband present” while 2 percent lived in poverty “with a male householder, no wife present” (and in contrast to 9.6 percent in married households with children under eighteen).28 But rather than pinning the causal- ity of this poverty on female-headed households, most recent research argues that the gender-segregated low-wage sector, the state’s lack of support for family care, and women’s limited assets place them in ongoing vulnerabilities—even with a job.

#### Living wage is the starting point for feminist movements

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In light of this reality, many feminist activists in the living wage movement see living wages as just one dimension of developing public policies that ad- dress women’s vulnerabilities in the political economy. Although feminist move- ments were slow to recognize how much gender-neutral wage floors mattered to wage growth for working poor women, their current “family-friendly work- place” campaigns regularly include living wages as the starting point for reform (for example, Working Women 9to5, Ms. Foundation, and Interfaith Worker Justice).29 Feminist organizations and feminists within religious organizations share a deep concern about the feminization of poverty in the United States and this shared concern has introduced significant, but often underrecognized, collaborations in low-wage worker organizing.

### To Read

Sawyer, Malcolm. 1995. “The Operation of Labour Markets and the Economics of

Equal Opportunities,” in Jane Humphries and Jill Rubery ( eds.) The Economics of

Equal Opportunity, pp. 35–53. Manchester: Equal Opportunity Commission.

### Women - Snarr 11

Snarr 11 [C. Melissa Snarr, “WOMEN’S WORKING POVERTY: Feminist and Religious Alliances in the Living Wage Movement.” Journal of Feminist Studies in Religion, Volume 27, Number 1, Spring 2011, pp. 75-93] AJ

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#### Discussions lack examination of women’s contribution

Sociologist Bruce Nissen notes that three major types of organizations nor- mally anchor living wage coalitions: (1) organized labor organizations (central labor bodies, individual unions); (2) religious bodies or religious-based social justice organizations; and (3) poverty or low-income community-organizing groups.2 While scholars wrote much in the last decade about the living wage movement, their scant reflection on the contributions, challenges, and dynam- ics of religious organizations is outpaced only by the almost complete absence of analysis of feminist organizations within the movement. By overlooking a feminist presence, scholars have missed opportunities to analyze crucial aspects of feminist influence in the movement, including the funding of coalitions from feminist foundations, the organizing activities of feminist groups, and the im- portance of information supplied by feminist researchers. Moreover, scholars have ignored another intriguing story about the movement: the coalition build- ing among feminist organizations and religiously based social justice organiza- tions that women largely run.

In this article, I trace some of the contributions of feminist organizations to living wage activism in the United States and discuss their connections to religious (particularly Christian) activists. 3 In addition, I explore a critical chal- lenge evident to those involved in this collaborative organizing. The dispro- portionate presence of women organizers in the movement (particularly in religious circles) raises stark questions about what I term the feminization of organizing both in the living wage movement and more broadly. The lack of structural support—health care, child care, retirement, and so on—for these women demands “sacrifices” for organizing low-wage workers. Moreover, this lack of structural support for women in organizing (many of whom see this as their “ministry”) both forecloses opportunities for vocational development and burns women out at crucial times in their career. In response to this challenge, I argue, further theo-ethical reflection is needed on the “sacrificial” demands of low-wage worker organizing. Understanding the historically unhealthy alliance of sacrifice, service, and women both pragmatically and theologically should give allies great pause. Hopefully, these reflections can contribute to the deep- ening of the already important connections between feminists and religiously based organizers in the movement and increased emphasis on their necessary structural support.

#### Women are a key part of grassroots activism

Although a feminist organization was not a featured member of the origi- nal Baltimore living wage campaign, feminist organizations and feminists have been present in many other municipal campaigns since 1996, primarily through major feminist-funding networks. Over the last ten years, the Ms. Foundation has supported at least a dozen organizations, which were lead partners or co- alition members in local living wage campaigns. From East Bay Alliance for a Sustainable Economy in Oakland, California, to Tenants’ and Workers’ Support Committee in Alexandria, Virginia, the Ms. Foundation provided grants of be- tween $10,000 and $20,000 under their economic security program. State and municipal women’s foundations, such as the one that initiated the funding of the Atlanta living wage campaign, also regularly support coalition partners. This feminist funding also often focuses on staff and organizational infrastructure in ways that is often missing from more general foundation grants, which tend to favor direct service and new programs. Feminist foundations, instead, regularly provide seed funds for staff retention and targeted leadership development for women. In fact, the willingness of women’s foundations to fund staff and infra- structure is one of the markers of feminist assessments of the enormous human capital it takes to shift conversations and action in the current political economy and build women’s political power.

Feminist organizations are also leaders, members, and endorsers of many living wage coalitions. The Memphis Living Wage Coalition included the Mem- phis Area Women’s Council (with member organizations such as Planned Par- enthood). San Diego’s coalition boasted the involvement of the National Orga- nization for Women’s local chapter, which has also endorsed municipal living wages as part of their national economic justice platform. And, as in Atlanta, both local and national levels of the feminist organization Working Women 9to5 have prioritized living wages as essential to their platforms for social justice in the workplace. Particularly in Atlanta, the involvement of a feminist organiza- tion and feminist organizers meant that far more women were included in the work and leadership of the coalition than if the organization had relied primarily on the male-dominated union leadership in the city. In fact, most of the testi- monials collected by the Atlanta coalition came from women employees (and their children) who spoke to the intergenerational burdens (child and elder care) carried by women earning less than a living wage. As Monequi Dobbs, from Atlanta, stated,

I am a security officer, but I am also a mother. At times my job has caused stress that prevents me from being the type of mother I would like to be.

I have worked in security for [Atlanta] City Hall for five months. Prior to working at City Hall I was employed by the airport where I also did security. . . . I choose to work in security because it is an important job to society. My job is to secure City Hall. We keep the building safe so that events such as September 11th don’t happen here.

I currently live with my grandmother who is disabled and my two- year-old daughter. I am the only wage earner in my house. I have to live with my grandmother because it is the only economically feasible option. Otherwise I would have to live in the “projects,” which is no place to raise a child. I can’t afford a car and as a result I take [public transportation] to work. This can take as long as an hour and a half. The hours I work are especially hard when it comes to spending time with my daughter. I am not able to put her in day care because I have to leave some mornings too early and come home too late some evenings. I also find myself missing all the important times in her life. I had to miss her second birthday because I was stuck working all day. I have trouble making ends meet on $7 an hour. I am currently in debt because I can’t afford to buy necessary items and as a result end up using my credit cards.7

Themes of collective responsibility and familial interdependence surface more regularly in women’s testimonies and often balance men’s testimonies that focus more often on the values of dignity and workplace respect.

Feminist researchers have also provided the movement with vital data, in- cluding the development of state-by-state self-sufficiency standards through the national organization Wider Opportunities for Women. In this project, Diana Pearce, a social work professor at the University of Washington, partnered with local organizations in more than thirty cities to research what it actually costs to meet basics needs without any public subsidies (such as public housing, food stamps, Medicaid, or child care) or any private/informal subsidies, which are often unpaid labor (such as free babysitting by a relative or friend, food pro- vided by churches or local food banks, or shared housing).8 This exclusion of private/informal subsidies is crucial for the overall framing of the movement as it helps display how families (in their varied forms) and particularly women are “subsidizing” survival as politicians refuse to raise the minimum wage to keep pace with the costs of living. The demand to include child-care costs, adequate numbers of bedrooms in local housing estimations, and so on in basic needs calculations helps feminist researchers and organizers provide a more accurate picture of the gendered inadequacies of low-wage jobs. Many local campaigns use these data to set their living wage level or to establish the contrast between the wage rate they are requesting and the actual needs of their constituencies. With this contrast in mind, coalitions can be politically pragmatic by demon- strating their willingness to compromise—but they also are able to remind poli- ticians of exactly who’s paying the costs of these compromises.

The Ms. Foundation also funded the publication of Raise the Floor: Wage and Policies That Work for All of Us and the book’s related media campaign, which featured the work of Holly Sklar, political scientist and then-director of MediaVision; Laryssa Mykyta, sociologist and then–senior policy analyst for So- lutions for Progress; and Susan Wefald, community development expert and then-director of institutional planning for the Ms. Foundation. The authors ana- lyzed the economy from a feminist perspective and included crucial discussions on care giving (for example, expanding the child care and development fund, universal pre-K, or raising child-care wages), a “decent home” (for example, establishment of a National Affordable Housing Trust Fund or better fair-hous- ing laws), and pay equity that prioritized women’s experiences in the political economy. Sklar subsequently led the research team for the National Council of Churches’ Let Justice Roll living wage campaign. Her economic analyses and editorials have been used across the nation to counter neoclassical economic arguments against raising minimum wages.

#### Feminization of organizing

Even as the feminization of poverty brings many feminists to living wage campaigns, another gendered phenomenon arises in the campaigns them- selves. As political scientist Richard Wood recognized in his analysis of faith- based community organizing, religious community organizing is “second in size only to the labor movement among drives for social justice among low-income Americans today.”30 Mark Warren and Richard Wood also report that more than half of all faith-based community organizers are women, and half of their board members are women as well: “This is unlike any other sector.”31 Women are also the principal face of low-wage worker organizing, particularly in reli- giously based groups. Women, many self-identifying as feminists, also make up the preponderance of paid staff and board members of the religious organiza- tions in the movement. In fact, the campaigns in Atlanta, Nashville, Memphis, and San Diego that are central to this study were all headed or co-chaired by women, many of them ordained.32 Organizers in Atlanta were pleased that half of the volunteers from their endorser organizations were men, although they also noted that “women did the hard work” in the campaign. At the national level, 59 percent of the local Interfaith Worker Justice (IWJ) chapters in the nation are headed by women; the national network office, itself founded and run by a religious laywoman, is currently staffed predominantly by ordained and laywomen. At least within religiously based organizing in the living wage movement, a feminization of organizing has seemingly occurred. Why is this so and what are its implications?

An important thing to remember about religion in the United States is that women are overrepresented in congregational attendance, accounting for at least 59 percent of religious attendees. But because of the long-standing patri- archal practices of religious traditions, women are much less likely to be paid clergy in most congregations. Only 8 percent of U.S. Christian congregations have a female clergy leader and only 5 percent of Christian churchgoers attend a congregation led by a woman, while women make up about 30 percent of all students in Christian theological higher education overall.33

Social service has been a time-honored alternative for women excluded from clerical leadership. Those with “callings” were often encouraged to work for “charities” or take on roles as diaconal ministers (deacons who serve at the intersection of “church and society” and have ministries of “word and service” but normally not “word and sacrament”). But the political nature of social jus- tice ministries has moved them far from this traditional charity work. In social justice ministries and organizations, organizers analyze local power, develop in- digenous leaders, build advocacy networks, lobby political leaders, and raise funds to maintain their organizations. Even though direct service may some- times be involved, organizers focus primarily on building political agency with and on behalf of the working poor and their allies.

The number of women leading religiously based, social justice organiza- tions opens doors for collaborations with feminist organizations. In 2003, the Washington-based Institute for Women’s Policy Research (IWPR) started a project investigating “the values that motivate and guide women’s public activ- ism around social justice issues” in order to “build stronger ties between women social justice activists, particularly in religious and interfaith organizations, and the women’s movement.”3 With funding from the Ford Foundation and the Sisters Fund, IWPR project coordinators have produced two major books, con- vened a Working Group on Women’s Public Vision, and presented at feminist and interfaith conferences around the country. In 2007, IWPR led a day-long, preconference at the Interfaith Worker Justice National Conference focused on “Strengthening Women’s Leadership in Organizing.” Additionally, the Ruth Ray Hunt Memorial Fund of the New York Women’s Foundation sponsors “Faith, Feminism, and Philanthropy,” a multiyear initiative in several cities that brings together women from diverse secular and religious backgrounds for conversa- tion and collaboration around economic self-sufficiency.35

These programs are important because they expand the processes of politi- cal engagement that often overlook women with limited economic, educational, and occupational advantages. Individuals develop resources (for example, skill sets, social capital, organizational affiliations, and money) through participation in various nonpolitical institutions; these resources influence their capacity and willingness to engage in political activity. Increased church activity is one of the only factors mitigating the determinism associated with low socioeconomic sta- tus and low political participation.36 Women’s presence in this political activism holds even more importance because women are also generally less politically active than men. Although women often vote more than men, they are less likely to be affiliated with political organizations or contact their representatives on issues.37 Compared to 53 percent of men, only 6 percent of women think they can influence local politics.38

Amy Caiazza reports in her study of women interfaith community organiz- ers that the most common barrier to political activism is the fear of taking on public roles. This is amplified for women of color, particularly when they come from low-income or immigrant backgrounds. One Latina immigrant reported, “I remember my father saying to me, ‘Don’t even look at someone eye to eye. It’s disrespectful. You lower your sight, you don’t stare at someone.’ So, the whole idea I would be taught how to confront was terrifying.”39 Some women, particularly minorities and immigrants, fear physical and political retribution if they speak out. The history of political violence against African American women in the United States causes some to avoid political participation. Latina immigrants report being told to shun politics to avoid retributive firings or even deportation. Muslim women activists describe how the increased surveillance and violence since 9/11 can discourage them from politics.0

Overcoming these barriers to women’s political activism takes special ef- forts. Based on her observations, Caiazza concludes that interfaith religious organizations do this best when they not only provide the space for women to confront their fears and their anger but also gently push women into greater leadership roles, build alliances across race and class, and develop intentional mentoring programs. Kim Bobo of Interfaith Worker Justice national explains it this way:

We do training, both in group settings and individually, around, how do you present stuff in a way that you’ll be taken seriously? How do you run a meeting so that you’re taken seriously? And how do you deal with the problem people you’re going to have? . . . Women will say, oh, I don’t know anything, I couldn’t possibly do that. . . . You don’t have con- fidence? Fine. Pretend for a while. And you’ll eventually get some.1

In this way, female-dominated religious organizations help model political en- gagement and leadership for other women. This feminist intentionality is impor- tant and crucial for broadening women’s political agency. As one young woman described her experience in religious organizing, “I’m like government actually works! People actually get stuff done! I was just so excited to be a part of that. So I’ve been involved the last four years. . . . I’ve snowballed into a better activist . . . I’m just trying to do as much as I can, because I think the more people who get involved, the more we can change our country.”2 The ubiquitous presence of women in religious community organizing can contribute to this sense of empowerment and efficacy.

Yet for many women of faith, new opportunities in economic justice orga- nizations come with significant concerns and costs. When religious women take leadership roles in campaigns for living wages, they are once again committing themselves to work that pays them little and demands enormous personal and familial sacrifice. In fact, faith-based activism could be seen as a growing sector of underpaid and unpaid women’s work in the United States.

At an IWJ preconference in 2007, about one hundred organizers, almost all women, gathered to reflect on the challenges and contributions of women to organizing. One of their first tasks was to list the challenges they faced in or- ganizing. In small groups, they shared their stories and struggles. As the groups posted their paper sheets at the front of the room, the facilitator noted similar themes: “Overworked”; “Health care”; “Child care”; “Money”; “Respect.” But when the facilitator read out “Refusal to Name the Problem” on one of the sheets, participants expressed their affirmation particularly loudly.

As the women unpacked their comments, several critical themes emerged that echoed conversations I had heard elsewhere. First, organizing requires enormous flexibility in work schedules. Work on nights and weekends, and travel (even if locally) are almost always necessary. Finding child- and elder-care support is extremely difficult for those with significant family commitments, which still fall heavily on women and increase with the growth of women-led households. As a female Nashville organizer bemoaned, “I feel like I’m always late for someone. My babysitter, a worker, my kids. My days and weeks change so much that I’m always having to scramble to get child care. People have just had to get used to me dragging them along. But you should see some of these union guys when I bring my kids along to a meeting.” Social justice organiza- tions are not big enough to offer on-site care, and the unconventional work hours place many women organizers outside of the normal day-care system. Many professional organizers testify that young women continually enter the field and then drop out because they need regularized routines and dependent care. A male volunteer with a Chicago IWJ affiliate noted regretfully, “Yeah, we just churn and burn ’em. . . . We get these great women in their early twenties, they work so hard for about three or five years and then have to leave us when they want to start families. Some of them come back to volunteer in their late thirties, but we lose so much talent and momentum . . . and they can’t stay in their calling.”3 The Nashville organizer quoted earlier had “retired” for several years after her children were born because of the demands on time and money. Maintaining a career in organizing is challenging financially: salaries are low, few organizers receive family health-care coverage, and even fewer have retire- ment plans. As a religious organizer said to a union organizer at an IWJ national conference, “Well, at least you all have benefits! I think ours is the ‘consider the lilies of the field’ plan,” a reference to the biblical assurance that God would provide if one has faith.

In addition, movement work consists largely of organizing male-dominated sectors of clergy and labor. While women’s leadership has expanded in both sectors, stories abound of disrespect, underevaluation, and being discounted. “Don’t get me started on how many times I’ve been asked to take minutes for meetings—that I’m leading!”5 “A union organizer recently asked me if I’d ever really been a worker . . . because I was too attractive to have worked my way up to be an organizer.”6 There are plenty of strategies for strengthening women’s activist work (for example, “provide space to embrace their anger,” “develop mentoring programs,” and “meet women where they are”7), but few religious organizations address organizing as a sustainable occupation. Unions are begin- ning to address these problems with proposals for sharing lead organizing jobs and upgrading benefits.8 But again, few of these proposals have been imple- mented in unions, let alone in the arena of religiously based organizers beyond the FBCO affiliate networks (such as the Industrial Areas Foundation).

### Power 99

Power 99 [Marilyn Power (Professor at Department of Economics, Sarah Lawrence College, BA, PhD, University of California-Berkeley). “Parasitic-Industries Analysis and Arguments for a Living Wage for Women in the Early Twentieth-Century United States.” Feminist Economics 5(1), 1999, 61–78] AJ

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#### Notes

* History
  + 1905 Lochner v New York stood against regulation, but 1908 Muller v Oregon upheld regulation in the interests of community and health of future generations
    - Meant that women specific regulations could get passed
  + 1923 – Adkins v Washington DC – rejected mw specifically for women
  + Between 1912 and 1923, sixteen states and DC passed MW for women
* Parasitic industries bad
  + They’re subsidized by charities and the wages of the woman’s family
  + They’re subsidized by the woman’s future health

11

#### Parasitic industries – two explanations of low wages

Academics and reformers adopting the parasitic-industries analysis offered two separate ( though not exclusive) explanations for the existence of unfairly low wages. First, in concert with virtually all economists of the period, they pointed to the disadvantaged bargaining position of individual unorganized workers vis-à-vis employers, a position that could force workers to accept wages below their worth ( generally deéned as the value of their marginal product) . To this was added the more controversial argument that employers who paid less than a living wage, that wage necessary for the minimal support of the worker ( and, perhaps, the worker’s dependents) , were parasitic on the society, as they were receiving a “subsidy” from the community in the form of poor relief or charity, or from other employers who paid higher than living wages, or from future generations whose health and productivity were being jeopardized by the physical deterioration of present workers.

Because they were able to pay less than the true social costs for labor, par- asitic employers could undersell their competitors, and thus were not moti- vated to lower costs further by innovation in the organization or techniques of production. As a result, the productivity of labor in these “sweated” trades was low. Wages might, in fact, have been consistent with workers’ marginal products, but, the reformers argued, low productivity was the result, not the cause of low wages. Raising wages in these éelds would not only force employers to pay the true social costs of the labor they employed, but would also improve eféciency, both by improving the health of the workers and by inducing employers to use more effective methods of production. Thus legislation that raised the wages of low-wage workers would further the progress, and raise the standard of living, of the society as a whole.

#### Historical lit can motivate new struggles

Power 99 [Marilyn Power (Professor at Department of Economics, Sarah Lawrence College, BA, PhD, University of California-Berkeley). “Parasitic-Industries Analysis and Arguments for a Living Wage for Women in the Early Twentieth-Century United States.” Feminist Economics 5(1), 1999, 61–78] AJ

It is striking that, in this period, even eminent neoclassical economists such as Clark and Taussig acknowledged the role of institutional forces in the determination of wages. Further, neither economist hesitated to make nor- mative judgments in his analysis. Unequal gender roles, employer power, the absence of collective bargaining: all could result in wages that were socially unacceptable as well as economically nonoptimal. As Robert Prasch has noted, this grounding of theory in empirical reality disappeared from mainstream discussions of the minimum wage by the 1950s. This occurred, Prasch argues, not because of empirical proof that this analysis was èawed, but because American economists had adopted an “axiomatic” approach to economic theorizing, that ruled such institutional considerations out of order: With hindsight it is clear that the minimum wage did not fall out of professional favor because of some grand insight or crucial experi- ment that was conducted sometime between the 1920’s and the 1950’s. On the contrary, what changed was the nature and scope of accepted and acceptable economic theory. ( Prasch 1998) An examination of the discussion surrounding minimum wages for women in the early twentieth century is of more than historic interest if it provides guidance for feminist attempts to create an economics more con- nected to real world experience. As Diana Strassmann reminds us, “His- torians of economic thought should be heedful . . . not only of what gets said, but of what is left unsaid, and what in a sense cannot be said, in argu- ments and articles meant to be heard and paid attention to” ( Strassmann 1993: 161). These early twentieth-century economists, feminists, and labor reformers provided a vision of a labor market in which workers were segmented, lack of mobility and lack of information prevailed ( particularly among women workers) , and predatory ( and even incompetent) employers could proét from their workers’ vulnerability and from the lack of state regulation. These insights appear repeatedly in modern feminist analyses of wage inequality;11 this early literature can be a source of inspiration.

### Big Book - Figart 02

Figart 02 [Deborah M. Figart is Professor of Economics at Richard Stockton College, New Jersey. Ellen Mutari is Assistant Professor of General Studies at Richard Stockton College, New Jersey. Marilyn Power is a member of the Faculty of Economics at Sarah Lawrence College, New York. “Living Wages, Equal Wages: Gender and labor market policies in the United States.” Routledge, London. 2002] AJ

#### Notes

* Laying the Groundwork
  + Women have always worked, but the rise of wage labor saw a split in the male-breadwinner and female-homemaker ideals
    - Women still worked for wages sometimes, but rarely, and most “women’s work” was on the periphery of capitalism
  + However, women began to enter wage labor in increasing numbers
  + Wages are influenced by cultural and social ideas of race, gender, and class, not simply economics
  + 3 implicit wage theories
    - Wage as living
    - Wage as price
    - Wage as social practice
      * Wages can reinforce or challenge workers’ “places”
* 2 Waged Work in the 20th Century
  + We all assume the notion of wage labor despite its relatively recent controversy
  + Breadwinner hegemonic model – women only worked for a few years before marriage

#### These issues are not historical – assumptions about women and people of color still affect living wage laws today

Figart 02 [Deborah M. Figart is Professor of Economics at Richard Stockton College, New Jersey. Ellen Mutari is Assistant Professor of General Studies at Richard Stockton College, New Jersey. Marilyn Power is a member of the Faculty of Economics at Sarah Lawrence College, New York. “Living Wages, Equal Wages: Gender and labor market policies in the United States.” Routledge, London. 2002] AJ

Although contemporary living wage proponents have stressed the equality of needs among categories of workers and families, traditional gender norms persist. In the negotiations between the ICO and Council President DeGise on a compromise, there was some lively discussion about whether the city’s part-time crossing guards, who were women, should be paid at least $7.50 per hour. (Even though they were municipal, not subcontracted, employees, the discussions also focused on city salaries that violated the spirit of the pro- posed ordinance.) DeGise’s sense was that these women were not bread- winners so they did not need to be paid a living wage, either by the city or by a private contractor should those jobs be privatized. He argued: There was some fuss made about crossing guards, because crossing guards are not very well paid. However, crossing guards get the same benefits as [we] get. So a lot of the women who do the crossing guard work don’t do it necessarily for the larger paycheck but because it provides them with an excellent health benefit package. (DeGise 2000) Vazquez countered at the time that the guards were paid so little that they could not feed their children (Vazquez 2000). Council President DeGise also asserted that the arguments for a living wage did not necessarily hold for primarily male security workers: “For many security people, it is their second job. They do something else during the daytime” (DeGise 2000). Further, teenagers hired as summer locker room attendants did not need to earn $7.50 an hour. After making a reference to the fast food restaurant leader McDonalds, he stated, “There should be a segment of jobs, of lower-paying jobs, for kids, second jobs, etc.” These arguments demonstrate unease with interference with existing social prac- tice. Some jobs had been constructed on the assumption that certain workers – women, teens, and some working-class men, primarily men of color – neither required nor were seeking a breadwinner wage. As DeGise’s quote suggests, the social practice then became naturalized and seen as normal and desirable. Nevertheless, he agreed to support the compromise version of the ordinance.

#### In the 1920s, the idea of a living wage for a woman was different than that for a man

Although Secretary Davis endorsed equal pay for equal work, presumably to prevent employers from substituting cheaper women workers into male jobs, this principle was still controversial. A representative of the National Association of Manufacturers, Charles Cheney, expressed views that were fairly typical of employers at the time:

The most controversial question in connection with the employment of women in industry is that of the compensation to be given as compared with that of men. Many claim that there should be actual equality, and many attempts have been made to express this thought as a formula. Perhaps the most successful attempt at such an expression is that “Women should have equal pay for work of equal value.” This may

approximate the truth or be far from it, according to our understanding of what “equal value” means. How shall we measure value? (20)

The National Association of Manufacturers’ spokesman argued that it was “natural” for women to be paid less than men. Employers, he asserted, must take a variety of factors into their calculations when determining how much to pay women and men. Value was not solely measured by length of time worked, nor by the quantity or quality of product alone. Worth was also determined, in part, by length of service, regularity of attendance, and capability of performing several duties. A deficit in any of these factors could lower the relative value of an employee’s contribution and, therefore, Cheney claimed, the wage.

To the extent that these reductions “are arbitrarily attached to the employment of women, the greater will be the margin of difference between the pay of men and women. . . . It is folly to say that those differences can be set aside by any arbitrary dictum or law” (21–2). Cheney continued: “All of this argument is only an explanation of the world-wide fact that the market rates for women’s work are less than men’s rates. When there is found in operation a universal law, it is fairly safe to assume that there is sound foundation for it” (22, emphasis added).

These were precisely the kinds of ideas that the Women’s Bureau and other advocates for working women were confronting for much of the

twentieth century. Advocates of equal pay sought to fight the image that women worked for “silk underwear” or “pin money” and that they deserved less than men. They made three types of argument. First, advocates argued that women workers deserved more than they were earning because they were breadwinners and family providers. Wages were a living for them and their families. Second, women were productive and their labor was under- valued. The price of their labor was incorrect because pay systems were outdated and biased. Finally, wages were a product of established custom. Working women and their advocates came face-to-face with what we refer to as wages as a social practice. That is, wages were intertwined with issues of whether women should work, which women should work, and why women work for pay – not just the value of their work.

What this notable conference portrays is the contested nature of gender ideology and the indeterminacy of gender relations that would intensify over the remainder of the century. Although labor activists articulated that work- ers deserved a living wage, there were, in fact, a multiplicity of living wages and strategies for achieving them, reflecting multiple identities among mem- bers of the working class. A “living wage” for a woman was not necessarily equal to a “living wage” for a man; a “living wage” for a woman who was a racial-ethnic minority was even lower. The idea of equal wages by gender was a contradiction of prevailing norms, or, at best, a labor strategy to preserve men’s jobs. However, out of the depression and war that the conference participants could not foresee would come a series of historical junctures that led to a shift in cultural norms. Living wages and equal wages, although not taking the form that many feminists wished, would become essential elements of the discussions of women’s wages.

#### How feminist economics differs from normal neoclassical

When feminists who sparked the second wave of the women’s movement in the late 1960s and early 1970s attempted to understand the economic pos- ition of women, they turned to the available economic methodologies for guidance. It quickly became apparent, however, that an analysis of economic outcomes in which gender took a central role required a level of complexity and an attention to components of economic and social life that were not generally incorporated into existing economic thought. Domestic labor, for example, was rarely addressed by economic theorists because it is unpaid. Many aspects of the sexual division of labor were naturalized, that is, seen as outcomes of women’s and men’s “natural” interests and talents.

Feminist economics since the 1990s has taken neoclassical economic theory as its subject, re-examining the gendered assumptions and principles underlying mainstream models of “economic man” (see, for example, Ferber and Nelson 1993; Woolley 1993; Kuiper and Sap 1995; Nelson 1996; Hewit- son 1999). Paula England, for example, asserts that economic models of market behavior incorrectly assume a “separative self,” that is, individuals whose utility (happiness) is independently achieved. Economic actors sup- posedly “lack sufficient emotional connection to each other to make empathy possible” (England 1993: 37). Although posited as a universal scien- tific principle, this form of individualism is not hypothesized within the boundaries of the household. Economic theory postulates altruistic behavior among family members. England argues that the extreme bifurca- tion of two radically different modes of behavior obscures the presence of empathy and altruism within the economy at large as well as selfishness, power differentials, and distinct interests within families. The resultant the- ory systematically masks women’s subordination. Correcting these biases would fundamentally alter the structure and “deductive certainty” of economic theory (50).

Myra Strober (1994), another pioneer in feminist economics, argues that the discipline of economics centers on the concepts of scarcity, selfishness, and competition. However, these three concepts present only half of a series of dichotomies: scarcity/abundance, selfishness/altruism, and competition/ cooperation. By excluding abundance, altruism, and cooperation, economic well-being is narrowly conceived. Strober’s identification of these dichoto- mies can be linked to feminist discussions of the definition of economics. Economics is frequently defined in contemporary texts as the application of rational choice by individuals under conditions of scarcity. This definition of economics focuses on methodology rather than subject-matter. Julie Nelson (1993, 1996) suggests that this definition renders economics a study of rationality under abstract conditions rather than a study of the actual material world. Instead, feminist economists have been drawn to institution- alist definitions of economics as the provisioning of human life, or, in Nelson’s words, “the commodities and processes necessary to human survival” (1993: 32).

#### Feminist pol economy moves beyond a critique of mainstream econ theories

Feminists, therefore, have moved beyond critique and deconstruction of mainstream economic theories in order to reconstruct a unique theoretical perspective on economic life. One intention in writing this book is to con- tribute to the construction of an economic methodology that we term “feminist political economy.” The term “feminist political economy” is used in lieu of the currently popular “feminist economics” to emphasize the crit- ical approach to orthodox economic theory that feminists within the discip- line share with other heterodox political economists. The term “political economy,” rather than economics, also signifies the interdisciplinarity of this survey. Although work within the discipline of economics is the primary focus, this can only be understood as part of a feminist scholarship that crosses artificial disciplinary boundaries.

Our framework builds upon the bases provided by political economy and feminist (gender) theory to develop a methodology where gender relations, along with relations of class and race-ethnicity, are incorporated into the analysis from the very beginning. This approach is different than introducing gender and race-ethnicity specifically in the context of a theory of wage discrimination. Of course women and racial-ethnic minorities experience discrimination. However, associating gender and race-ethnicity solely with discriminatory processes assumes that basic wage-determination models remain unchanged. Discrimination becomes a special case of market failure. In contrast, the underpinning of our approach is the belief that gendered relations in society have fundamental effects on wages as well as other economic outcomes. Such a methodology must be sensitive to the dynamic interactions among all the institutions involved in the process of provisioning, unpaid as well as paid, domestic as well as market. It must recognize that culture matters, as does the relative power of employers and workers. Rather than a static, market-clearing analysis, the analysis developed must be dynamic, nondeterministic, and complex.

This methodological perspective, like that of institutional economics, is grounded in a view of theory that eschews economic naturalism. Economic naturalism treats economic systems as natural objects and economic science as the discovery of a series of natural laws.8 In contrast, we view theory as necessarily a social construct.9 Echoing the work of Gillian Hewitson, we contend that economic theory “does not describe an independent ‘real

world’, but rather contributes to the production of the real” (1999: 4). Eco- nomic naturalism is consistent with the high status afforded mathematical modeling within the discipline. We agree with Julie Nelson that formal models can provide “misplaced concreteness.” That is, they offer an unrealistic and misleading degree of precision (1996: 75). Neoclassical labor economics exemplifies this fallacy in that it develops models in order to deduce a definitive wage rate; thus it is referred to as a theory of wage determination. For this reason, we prefer to view our approach as a framework for understanding wage setting.

#### Hegemonic model didn’t apply to black women

The dominant (or hegemonic) model of gender relations – based on a male breadwinner and a female, full-time homemaker – never became the norm for African American women. In a major study of black women’s experiences since slavery, Jacqueline Jones (1986) establishes that African American women typically began self-sustaining work around age 15, stayed in the labor force when married and raising children, and worked through middle age. The necessity of paid labor by married African American women reflected, in part, the constraints imposed by racism against black men. For the first hundred years after slavery, relatively few African American men earned wages sufficient to support a family, a so-called breadwinner wage or family wage (Jones 1986; Amott and Matthaei 1996). In addition, employers, including the white women who hired black women as domestics, viewed African American women as workers first, to the detriment of their family life. Thus, black women were, by their circumstances, defined as “less than a moral, ‘true’ woman” (Giddings 1984: 47).

This definition was not passively accepted. There is evidence that African American women, both working class and middle class, forged an alternative set of gender norms. Two studies of the history of black women since the nineteenth century – one focusing primarily on working-class women (Jones 1986) and one focusing on middle-class women (Landry 2000) – agree that African American women defined their lives in terms of interrelated commitments to family, community, and paid employment. According to Landry, “just as a particular ideology of white womanhood influenced white wives’ employment decisions, so too a particular ideology of black woman- hood, developed within the black community, shaped black wives’ orientation to paid work” (2000: 30–1). Rather than embracing the male breadwinner model, African American women posited a “co-breadwinner” model.3

#### A2 tech reduced housework

Some scholars, such as Barbara Bergmann (1986), maintain that women were available for paid employment because the arduous household produc- tion performed by their mothers and/or their mothers’ servants was being replaced by purchased commodities. Household appliances and other labor- saving devices in the home made cooking, washing, cleaning, and shopping easier. This argument assumes a fixed amount of housework that can be reduced through technological innovation. Far from being fixed, however, social standards regarding housework are quite fluid. In addition, the increase in household purchases itself raised the amount of time spent on household maintenance and record-keeping. Therefore, it is not clear that the total volume of housework has diminished over time, although the nature of the work has changed (Power 1983).

#### Consumerist culture drove the demand for new goods and more money

The steady commodification of more and more of the production that once occurred in the home is key to the story. People work in order to meet certain monetary needs that are socially defined and tend to escalate in capit- alist economies. This was especially true during the postwar period (1945– 73), when U.S. economic growth was predicated upon rising domestic con- sumption linked to gains in productivity (Hunnicutt 1988; Appelbaum and Batt 1994). A culture of consumerism influenced the social context in which economic decisions were made.8 As the standard of living considered normal and desirable for working- and middle-class families increased and included more purchased commodities, additional income from family members was needed.9 David Wells (1998) argues that attention to consumerism helps explain why the labor force participation rates of middle- and upper-class women increased during the 1960s, a decade of rising male real wages (see also Schor 1998).

#### Living wage begs Q of what is living – it’s racialized and genderized

Even analytic arguments for a living wage, however, have to address the question of what, exactly, constitutes a “living.” Unless it is viewed as a biological minimum below which survival is unlikely, the living wage is a social construct, based on the historically specific, accepted standard of liv- ing for the working class. Further, the notion of a living is gendered and racialized, as social understandings of an appropriate wage have varied his- torically according to the sex and race of the worker. Both its social nature and its gendered and racialized content make the concept of the living wage a potent subject of contention, as we will document in the chapters that follow.

#### Living wage reflects gendered assumptions

The history of economics is replete with theorists who espoused need as one of the cornerstones for wage setting. The concept of a living wage repre- sented not only a normative stance but also an analytical necessity for social reproduction. From this perspective, society has an interest in assuring adequate wages, although the precise definition of adequacy may be politic- ally contested. Nevertheless, many of these writers implicitly or explicitly focus on men’s wages as the basis for family support. These economic theor- ies are thus a product of the period in which the male breadwinner family was the hegemonic ideal. Therefore, they reflect gendered assumptions about men’s and women’s economic contributions.

#### Neoclassical econ doesn’t even recognize the theoretical possibility of a wage gap

Neither Clark nor Hicks raised the possibility that different workers might receive different levels of pay for the same or similar work.12 Both econo- mists wrote at a high level of abstraction, without references to actual eco- nomic conditions, but their theoretical examples refer almost always to working men. Neither developed a theory of discrimination. Discrimination would, in fact, violate their understanding of the natural law of markets, since it would imply paying less for some labor (and possibly more for other) than its marginal product, on a systematic rather than accidental basis.

#### Neoclassical econ justifies the wage gap

Skill differentials as an explanation for relative wages have their roots in human capital theory. Unlike neo-institutional economists who viewed wage differentials as embedded in job characteristics and historical practice, neo- classical economists focused on the individual characteristics of the workers themselves. Individual characteristics that affect productivity were defined as “human capital.” These include years of education, experience and job ten- ure, training in job-related skills, etc. Different levels of human capital investment and attainment would garner different wages. In the context of the civil rights movement of the late 1950s and early 1960s, human capital acquisition became economists’ rationale for improving education, training, and job access for racial-ethnic minorities and others in poverty (see, for example, Schultz 1961; Becker 1964). Rather than societal discrimination, the problem was perceived as one belonging to individuals.

Later applied to justifying the wage gap between women and men, human capital theory emphasized differences in women’s educational choices, commitment to their careers, and family responsibilities (see, for example, Mincer and Polachek 1974; O’Neill 1985). Because women supposedly made different life choices than men, it was argued that much of their lower pay was for legitimate reasons. However, empirical research has only been able to trace a portion of the wage gap to these factors (England 1982, 1992; Sorensen 1990). As women’s labor force experience becomes closer to men’s, supply-side theories lose even more explanatory power.

#### Here’s our position on what a woman is

In writing The Second Sex, Simone de Beauvoir (1974 [1952]) crystalized many of the ideas that have continued to guide the development of feminist thought. She astutely noted the limits of biological categories, beginning her opus with a denial of the universality of a simple duality between male and female. She also denied the existence of a universal female nature. In fact, de Beauvoir contended that “it must be repeated once more that in human society nothing is natural and that woman, like much else, is a product elabo- rated by civilization” (1974 [1952]: 806). Although she did not use the term “gender,” de Beauvoir articulated the idea that femininity was separable from biological sex. In perhaps her most famous assertion: “One is not born, but rather becomes, a woman” (301). Further, she offered that to be a “man” was a compliment and a signifier of power and status in the world, whereas to be a “woman” was to be not fully human – in her words, to be Other.

The process of defining what it meant to be a woman was neither fixed nor deterministic. Elaborating upon the Marxist existentialism within her circle of intellectual peers, de Beauvoir emphasized human agency within the con- text of strong social forces and social norms. She applied this idea of praxis – or practice – to women’s condition: “the body of woman is one of the essential elements in her situation in the world. But that body is not enough to define her as woman; there is no true living reality except as manifested by the conscious individual through activities and in the bosom of society” (1974 [1952]: 41). While de Beauvoir’s distinction between biology and iden- tity became the cornerstone of late-twentieth-century gender theory, her methodological insights were not preserved. It is only in recent years that some feminists have returned to the idea of practice as a means of reconcil- ing tensions between different theoretical schools.

The wave of feminist activism and scholarship that resurfaced in the 1970s used the work of de Beauvoir and earlier feminists in elaborating a distinction between sex as biological and gender as a social construct. Anthropologist Gayle Rubin (1975) argued that society attaches meanings and interpretations to a biological category, “sex,” formulating designations of masculinity and femininity, “gender.” These social constructions became embodied in a sex/gender system, “a set of arrangements by which the biological raw material of human sex and procreation is shaped by human, social intervention and satisfied in a conventional manner, no matter how bizarre some of the conventions may be” (Rubin 1975: 165). Rubin viewed patriarchy as one form of sex/gender system, just as capitalism was one mode of production. However, she argued that a sex/gender system was more than a mode of reproduction; it involved production as well, including the production of gender identity.

#### Categorical theory is too homogenizing

R. W. Connell has referred to patriarchy as a form of categorical theory in which “Theoretical attention is focused on the social place or category into which the individual is inserted” (1987: 56). One problem, he argued, is that the construction of these categories frequently relies upon a representative individual. In this case, full-time homemakers and care givers were often taken as representative of women in general and women were defined solely in terms of their roles in a domestic division of labor. While sex role theory treated gender as the product of individual actions to socialize boys and girls, categorical theories tended to dissolve the individual into the requirements of one or more systems. Lise Vogel has also observed that “questions of subjectivity and agency fall outside theory of this sort” (2000: 165). How- ever, she was less troubled by this limitation than was Connell, sharply distinguishing theory from concrete historical studies.

#### Gender is a social construct that refers to societal roles and the hierarchical divisions thereof

Partly in response to the limitations of patriarchy as an analytical construct, gender as the production of identities, and thus as ideology, moved to center stage in the late 1980s. As indicated in the previous discussion of patriarchy, this is not meant to suggest unanimity among feminist theorists during any particular period. Feminist theory in general and gender theory in particular continued to be marked by diversity. However, most formulations of gender theory during this period were grounded in the distinction between bio- logical sex and gender identity. Gender was a social construction. Although the focus was on the ideological processes that created gender rather than material conditions, gender was construed to be more than the collective bias, prejudice, or stereotypes of individuals. According to Barbara Laslett and Johanna Brenner:

Gender refers to socially constructed and historically variable relation- ships, cultural meanings, and identities through which biological sex differences become socially significant. . . . More than an individual characteristic, gender refers to the social relationships between women and men that shape personal identity.

(Laslett and Brenner 1989: 382)

Feminists thus used the term “gender” to signify society’s ideas about differ- ences between men and women embodied in definitions of masculinity and femininity. In a highly influential book of essays, historian Joan Scott (1988) suggested that the definition of gender rested on two propositions: “gender is a constitutive element of social relationships based on perceived differences between the sexes, and gender is a primary way of signifying relationships of power” (1988: 42). Therefore, male and female were socially constructed as opposites, and a hierarchy was established between them.

#### Gender theory intersects with others – it’s not a totalizing theory like Marxism

This new wave of gender theory built on the second wave literature with a more aggressive challenge to the historical materialism and primacy of pro- duction in orthodox Marxism. Gender shaped political and economic institutions rather than simply reflecting the organization of power and resources (Benhabib and Cornell 1987; Laslett and Brenner 1989). Such scholars were skeptical of Marxism, which they saw as a “grand theory” or “meta-theory” that projected a teleological direction to historical develop- ment based upon a particular human essence or nature. Socially constructed definitions of masculinity and femininity varied historically, cross-culturally, or even within a given society. Because gender interacted with class, race- ethnicity, and sexuality – constructs that were also socially, not biologically, determined – more than one mode of gender relations might coexist. For example, the hegemonic ideal of the full-time homemaker/mother for white, middle-class, married women in the early twentieth century was distinct from married black women’s expected labor force participation (Brewer 1999). This diversity of gender relations enabled gender theorists to respond to some of the criticisms leveled at descriptions of patriarchy (Mutari 2000).

#### Look here for discourse/ROB cards

In the late 1980s and early 1990s, one school of feminist theorists, grounded in the humanities rather than the social sciences, analyzed gender ideology as a form of social discourse (see, for example, Benhabib and Cor- nell 1987; Weedon 1987; Butler and Scott 1992; Landry and MacLean 1993). Discourse analysis, pioneered by French theorists such as Jacques Derrida and Michel Foucault, focused on how subjectivity (or consciousness) is shaped by language. From this focus on language and ideology, feminist scholars turned to a critique of the process of knowledge production itself. The dominant strain of academic feminism thus concerned itself with articulating the gendered assumptions embedded in the major “scientific” theories (see, for example, Harding 1986, 1987; Cancian 1992).

Linda Nicholson (1990), writing on the relationship between knowledge production (epistemology), science, and theory, argued that there is an over- lap between feminist and postmodernist critiques of the alleged objectivity of academic knowledge. The Enlightenment (or modernist) perspective was accused by both groups of privileging reason and rationality as foundations for epistemology.2 The Enlightenment view of science (still the foundation for much of economic theory) posits an objective reality that can be under- stood through rational analysis. Instead, Nicholson claimed that all human knowledge is situated, that is, filtered through the experience of the observer (1990: 3).3 De Beauvoir’s concept of women as “other” played a key role in this theoretical approach. Not only women, but other subordinated groups were argued to have distinct standpoints that were not incorporated into existing knowledge systems.

#### Critique of biology/sex dualism through sciences – queer theory, for instance

With this shift towards ideology and away from materialist analyses of sex/gender systems came a critique of social constructionism itself (Lorber 1994; Hewitson 1999; Squires 1999). The distinction between sex and gender made by social constructionists in some early feminist writings was based on the idea that sex itself was biological, thus natural. Social constructionism had become associated with a dichotomy between biological sex as a fixed category and gender as fluid. However, newer work by feminists argued that

biology itself is shaped and interpreted by its historical context. Science and medicine have enforced a biological dualism between men and women surgi- cally, while Western culture naturalized the duality between male and female through designations of deviance.4 Similarly, the naturalization of biological sex contributed to the conceptualization of (hetero)sexuality as defined by nature. The advent of queer theory and other scholarship on sexuality there- fore posed challenges to the understanding of men and women as an ahistor- ical and fixed dualism. If categorization into two sexes was both socially constructed and enforced, the next step was to question the usefulness of thinking in terms of only two genders. Perhaps there are multiple genders, with different sets of appropriate appearance and behavior.5

If biological sex itself has no constant meaning across time, between cul- tures, and among individuals, this poses problems for theory and practice in which “men” and “women” are central categories. As articulated by political scientist Judith Squires, “Feminist theory, which created the category of gen- der in order to answer the question ‘what is a woman?’ in a non-deterministic manner now finds itself unable to speak of ‘woman,’ or even ‘women,’ with- out major discomfort” (1999: 61). What commonality is there among women whose views of reality are developed in different places, different times, and different life situations? This trajectory is troubling for those of us who view feminism as a theory that can promote and advance social change. According to Connell (1987), the way the theory was constructed precluded discussion of common political goals and strategy. In response, gender theory fragmented into increasingly divergent camps.6

#### A2 Marxist critiques of welfare state – fem prereq

In the 1980s, feminists took a harsh view of many of the social policies that constitute a major component of the welfare state, building on the

landmark study Regulating the Poor by Frances Fox Piven and Richard Cloward (1971). These studies took a functionalist approach to understand- ing the welfare system – narrowly focusing on poor relief. Mimi Abramovitz (1988), for example, argued that welfare state policies had to negotiate com- peting purposes. On the one hand, borrowing from a version of Marxian analysis, the welfare state was designed to ensure the reproduction of the labor force. On the other hand, providing women and children with an alternative means of support threatened patriarchal control. By constructing welfare as a system of “public patriarchy,” the first function could be met without threatening the latter. Abramovitz’s work was characteristic of socialist-feminist (or dual-systems) theory.

The unilateral pessimism of such functionalist approaches was challenged in the 1990s, as feminists responded to the attempted dismantling of the welfare state. The next wave of feminist research emphasized the historical contingency of particular policy outcomes as well as the role of women social reformers in the development of the welfare state. The methodological significance of this new work was the shift away from categorical analysis with its emphasis on structures such as capitalism and patriarchy. Method- ologically, these studies give central importance to women’s own agency in political processes.7 Further, feminist scholars argued that the role of cul- ture – specifically a maternalist ethos – in shaping state policy had been neglected by previous scholars.8 That is, social reformers advocating gov- ernment programs, many of them middle-class women, positioned their work as designed to promote maternal and child welfare. As we will see in Chapter 5 on state minimum wage laws, maternalism provided an ideo- logical basis for state intervention in the market to promote a larger public purpose. Gender was thus integral to the political processes that created social welfare policy.

Linda Gordon, for example, examined the policy debates that led to pas- sage of the Social Security Act of 1935 in the United States, particularly Aid to Dependent Children (ADC), the program for single (including widowed and abandoned) mothers that was one of seven programs incorporated by the Act.9 Women activists, both white and black, actively lobbied for a fed- eral program of mothers’ pensions. By giving women an alternative to dependence on men, ADC improved women’s bargaining power and gave them a measure of autonomy (Gordon 1994: 289–90). The policy also valued women’s unpaid caring labor by offering income support for the work of raising children. These positive attributes had been ignored by scholars who simply viewed welfare policy as reflecting the needs of capitalist patriarchy.

#### The gendered nature of progressive era minimum wage debates sheds insight

Writing in 1927, the Women’s Bureau of the U.S. Department of Labor issued a report that began, “For the past 15 years an experiment in wage regulation has been carried on in widely varying sections of the United States” (Women’s Bureau 1928: 1). The experiment was the implementation of minimum wages for women workers, and its stated intention was the assurance of a living wage for women at the bottom of the wage scale. This attempt to regulate wages was bracketed between Supreme Court decisions which initially suggested that protective legislation could pass muster for women but not for men (Lochner v. New York in 1905, Muller v. Oregon in 1908), and a later decision rejecting minimum wages even for women (Adkins v. Children’s Hospital in 1923).1

From 1912 to 1923, minimum wage legislation was passed in fifteen states, the District of Columbia, and Puerto Rico. However, many state policies were delayed by court challenges until the Supreme Court in 1917 ruled in favor of Oregon’s minimum wage law. Three states repealed or never imple- mented their laws, and four others set inflexible flat rate minimums that quickly became irrelevant due to the high inflation between 1915 and 1920.

In all, by the Women’s Bureau’s calculations, ten states had active minimum wage laws for women.2 The Women’s Bureau (1928) estimated that the actual period of implementation in the ten states varied from a high of thirteen years (Washington State) to a low of under four years (District of Columbia). In 1923, in Adkins v. Children’s Hospital, the Supreme Court struck down Washington DC’s minimum wage law, effectively ending this “experiment” in gender-specific legislation. While laws remained on the books in some states, they were no longer actively enforced. It is clear from this brief sum- mary that the experiment in wage regulation was brief, and even within that short period, it was continually contested.

Since the legislation was aimed at establishing industry-specific mini- mums, it required a laborious process of hearings to establish minimums on an industry-by-industry basis. This meant that even in those states with active implementation, coverage had been extended to relatively few women by 1923. In Washington, for example, the first state to actually set and implement a minimum (in April 1914), the rate was for women in mercantile establishments. Massachusetts followed two months later by assigning a minimum for the brush-making industry, in order to implement its 1912 law (Women’s Bureau 1928: 11).

The reach of minimum wage laws was limited in a number of other ways as well. As the Women’s Bureau noted, of the most industrialized states, only Massachusetts enacted minimum wages (Women’s Bureau 1928: 7). Elsewhere, minimum wage efforts were defeated. New York, for example, had an active reformist movement that had initiated some of the earliest calls for improvements in conditions and wages for women workers. Yet it repeat- edly failed to pass wage laws during the Progressive Era. This was due in part to opposition from the American Federation of Labor, concerned about a weakening of collective bargaining, and in part to division among feminist reformers who were increasingly focused on suffrage as a priority (Hart 1994: 80–3). The Women’s Bureau estimated that there were only about two-thirds as many gainfully employed women in the seventeen minimum wage states and territories as there were in the eight most industrialized states without minimum wage laws (Women’s Bureau 1928: 7).3

Even within the states covered by laws, some important low-wage women’s occupations were excluded, either explicitly or by the structure of the laws. The most notable exclusions were agriculture and domestic work. While only North Dakota, Texas, and the District of Columbia explicitly excluded domestic work by law, and only North Dakota, Texas, and Arkansas explicitly excluded agriculture, in practice no state commissions actually established minimum wages for these occupations. This exclusion seemed unproblematic to the Women’s Bureau, which saw it as natural for occupa- tions in which “The character of the relationship between employer and employee would seem to make enforcement of a minimum-wage decree by a State commission difficult, if not impossible” (Women’s Bureau 1928: 15). The Women’s Bureau was presumably referring to the likelihood that

women in these occupations lived in the households or on the farms where they worked. Yet the exclusion of these occupations severely limited the benefits of the laws for African American women, for whom the most common occupations at the time were domestic work and farm labor (see Chapter 2). A rough estimate by the U.S. Women’s Bureau indicated that one-fourth of all black women lived in states with minimum wage laws but only one in ten was actually covered by the legislation (Women’s Bureau 1938: 14). In effect, the implicit exclusion of African American women could be seen as an example of wages as a social practice; their segregation in exceedingly low-paid work was seen as “natural” and unproblematic, thus not requiring legislative correction.

In sum, the minimum wage legislation of the Progressive Era was extremely limited both in length of enforcement and scope of coverage. Nevertheless, the laborious and contentious process of establishing legisla- tion and estimating living wages for the various industries covered generated a vigorous and ongoing debate that provides a wealth of insight into the role of gender, race-ethnicity, and class politics in the construction of the concept of a fair wage. Policy makers, reformers, and academic economists debated the role of markets versus societal values in the determination of wages, the responsibility of industry to the community, and the relation of a “fair” wage for women to a “fair” wage for men. They spoke of women’s appropri- ate place in wage labor and in the family, and the use of wages to manipulate, coerce, or encourage women to assume these socially accepted roles.

The minimum wage discussions of this period resonate with the classical and Marxian economic theories of distribution, which maintained that wages have an exogenous base in societally determined levels of subsistence. These discussions further suggest that this notion of accepted living stand- ards varied by gender, as well as class and race-ethnicity. As such, they pro- vide insight into the origins and persistence of wage differences. The debates of the time are also deserving of attention because of the example they provide of a period in which community interests were given an articulate and relatively powerful voice. Finally, the minimum wage legislation raises provocative questions for the “equality versus difference” public policy debate.

#### It was also racialized

Race also factored into calculations of the appropriate minimum wage, as illustrated in the process of wage setting for laundry workers in Washington, DC. Laundry work was hot, strenuous, and very poorly paid. In Washing- ton, DC, at the time minimum wages were instituted, 90 percent of laundry workers were black women (Giddings 1984: 146). The Washington, DC, Wage Board estimated an across-the-board minimum adequate weekly wage of $16.00 in 1918 (Women’s Bureau 1928: 134). However, actual minimum wages were to be set by industry conferences involving representatives of employers, labor, and the public. Despite the recommendation of the Wage Board, the laundry conference initially proposed a $14.50 minimum. The Wage Board objected, and raised explicit concerns about racial bias: “Since women employed in laundries are predominantly colored it was alleged that the lower rate was due to a crystallization by the conference of the popular belief that it cost colored people less to live than white” (quoted in Hart 1992: 13). A compromise rate of only $15.00 was narrowly approved by the laundry conference, and put in place in 1921.11 This rate was not only below the minimum adequate rate estimated by the Wage Board, but was also below the rates for other industries. Table 5.1 indicates that higher minimum wages had already been established in the printing and publishing, mercan- tile, and hotel and restaurant industries. Wage setting for laundry workers did not follow these precedents.

#### Notion of a “wage as living” was the central impetus for the movement in the 1910s

The debate surrounding the rise and ultimate defeat of minimum wages for women clearly included arguments for wages as a living, as a social practice, and as a price. Wages as a living, and the belief that women workers were entitled to a living wage, were at the heart of the initiative. Employers who hired their labor had a moral obligation to the women and to the community to provide for their support; to fail to do so meant the employer was para- sitic, a net cost to the community. As we have seen, this view that wages constituted a living was widely held. Even employers arguing against the minimum tended to emphasize that women’s needs were low – because of the economies of family life – rather than denying their obligation to pay a living.

While wages as a living can be seen as the impetus behind the legislation, wages as a social practice informed the debate over its implementation in two ways. First, many supporters of minimum wages for women raised the argument that poorly paid women workers might be substituted for male workers, undermining the male breadwinner wage, and with it the male breadwinner family. Moreover, the debate over the level at which women’s minimum wages should be set reveals deeper questions about how women should live. Should they be living as dependent members of male-headed families, earning a supplementary income? Should they earn enough to live “adrift,” supporting themselves independently over their lifetimes? Should they earn enough to themselves support dependents? As we have seen, toward the end of this period and continuing into the 1930s, the Women’s Bureau and some of its supporters began an intriguing campaign to appropriate and reinterpret the concept of breadwinner in a way that could include women workers.

Many participants in the debate made reference to wages as a price as well. Reformers used market-based arguments when they claimed that women workers lacked the bargaining strength to command their fair wage from employers. Employers at times raised the notion of wages as a price, arguing that women were paid low wages because they were inexperienced and unproductive; their labor was not worth more than the current wage. Raising wages would simply force them out of work. Interestingly, economists who supported minimum wages often agreed that some workers would be unemployed as a result, but argued that this would be a desirable outcome. Forcing employers to pay a living wage, these economists argued, would bring to the attention of the community those members who were “unemployable,” defined as unable to command a market wage sufficient for their support. The state could then take responsibility to offer training and education to those who would benefit from it and poor relief to those who could not (Holcombe 1912; Seager 1913). Ultimately, the argument for wages as a price was employed by the Supreme Court in the Adkins case to defeat the minimum wage initiative. As was clear from Justice Sutherland’s lan- guage, pride of place was to be given to “fair value of the services rendered,” as determined by market forces.

The defeat of state-level minimum wages for women can be seen as at least a temporary victory of the understanding of wages as a price over wages as a living. Further, the apparent involvement of Alice Paul in the defeat of the minimum wage and Sutherland’s references to women’s newly won right to vote suggest that shifting understandings of wages as a social practice, at least for women of the growing middle class, were also important. In these new views, protection was becoming an impediment to access to traditionally male jobs. Working-class women and their allies, faced with harsher working conditions and less sense of expanding opportunity, continued to view pro- tection as desirable. The legal rulings validating wages as a price thus reflect a new sense of the social location of some, mainly middle-class, women during the period, at the expense of those with fewer social privileges. Wages as a price arguments, in this sense, were not socially neutral in terms of whose living or social norms they favored.

#### FLSA (fair labor standards act) was sexualized and racialized

Ostensibly a gender-neutral piece of legislation, the FLSA nevertheless continued to reflect and construct appropriate gender relations. Given the coverage of the legislation, it was men’s wages, lives, and identities, and specifically the masculine identity of unskilled and unorganized male work- ers, that was most at stake in formulating the new legislation. The tone of the discussion and the rationales for protection therefore shifted once the min- imum wage was a male wage. As noted by historian Willis Nordlund, “the fervent rhetoric about low wages and morals that occurred during the debate

of the prior five decades was absent from this debate” (1997: 32). Instead of the morals of mothers, the state’s interest in macroeconomic stability and the ability of breadwinners to provide for their families were emphasized.

The minimum wage law was a racialized social practice as well. The FLSA reinforced the male breadwinner family as a marker of whiteness during this period. Our investigation indicates that the Fair Labor Standards Act was constructed so that white, male, unskilled workers could come closer to a male breadwinner wage.12 Even though 40-cents per hour (and especially the initial 25-cent floor that actually passed) was below what proponents thought was a family-supporting wage, the language of breadwinning was integral to the debate. In fact, during this period the expansion of the male breadwinner model of gender relations was one of the institutional underpinnings of both a political economy based on mass-production industry and the Keyne- sian welfare state. The testimony offered at the 1937 hearings and other documents related to the process of the FLSA’s passage reveal the implicit wage theories at play in constructing a federal minimum wage policy.

#### MW vs lw

What is the relationship between legislated wage floors and the more elusive concept of a living wage? Are they synonymous? Does the phrase “living wage” refer to a subsistence wage or does it evoke a higher standard of living? The debates over the FLSA reveal that there were a multiplicity of living wages. The term living wage was used with different meanings when referring to the living standards of different groups of workers.

John L. Lewis, more than the other witnesses testifying about the Fair Labor Standards Act, devoted a substantial portion of his remarks to the meaning of the concept of a living wage. At one point in his testimony, Lewis seemed to endorse the idea that the legislated minimum, even though it was meager, could be considered a living wage. He remarked,

The unskilled workers or those in the lowest grade of the scale of occupations in an industry are entitled to receive the subsistence or living wage, and above this guaranteed minimum, semiskilled or skilled employees are paid differentials established by precedent or through

collective bargaining, based on skill, experience, and productivity, and

hazard.

(U.S. Congress 1937: 275, emphasis added)

Nevertheless, a few moments later he disputed treating the minimum wage as equivalent to a living wage:

But I think it would be a calamity if such a wage minimum as that referred to should in any way be construed as a living wage. The labor movement with which I am associated is interested in securing for every American unskilled or semiskilled worker a living wage – that is to say, a minimum income upon which he can maintain himself and his family at a level of healthy and decent living.

(U.S. Congress 1937: 275).

William Green further confused the issue by referring to collectively bargained minimum wages:

The American Federation of Labor has insisted from the beginning upon the establishment of a living wage as a minimum, and it has through the force of organized effort succeeded in establishing min- imum wages far superior to those prescribed by wage boards of other countries.

(U.S. Congress 1937: 219)

This ambiguity of meaning has led some historians to try to fix the meaning of the term “living wage.”

A plural noun

As documented by Lawrence Glickman in his book A Living Wage (1997), the phrase became an important demand of the U.S. labor movement during the years following the Civil War. This first wave of the living wage move- ment represents an important ideological transition. In the late nineteenth century, working-class rhetoric shifted from a discourse where all prole- tarianization was regarded as “wage slavery” to a distinction between a living wage and “slave wages.” Glickman (1993, 1997) emphasizes working-class agency in the construction of the ideology of the living wage. Specifically, he shows that the demand for a living wage became linked to the idea that there was an “American standard of living” that was the basis for living as a free citizen with a virtuous character. He observes that it was primarily skilled, white, male workers who articulated this ideology and who had access to high-paid jobs and rising consumption standards. Further, Glickman also argues that this ideology “was wielded against immigrants, blacks, and women” who were viewed as a threat to this standard and were blamed for

their supposed willingness to work for lower wages (1993: 228). Thus, he implicitly recognizes that the nineteenth-century vision of a living wage embodied a particular vision of masculinity, whiteness, and nationalism.

In discussing the passage of minimum wage laws, Glickman suggests that they constituted a retreat from a more radical working-class vision of living wages. He polarizes the debate into two camps: working class versus middle class. The social reformers who lobbied for minimum wages at the state and federal level in the early part of the twentieth century are labeled as “middle class.” Passage of the Fair Labor Standards Act, Glickman charges, insti- tutionalized legislated minimum wages as subsistence wages, effectively supplanting the working-class definition of a living wage.

Despite acknowledging the importance of gender, race, and nationality, Glickman treats the white, native-born male wage and living standard as the true representative of working-class aspirations. This distinction treats the working class, as well as the working-class living wage, as a unified concept. The social feminist movement to (in the words of the NCL slogan) “investi- gate, agitate, legislate” is presented as a repudiation of the working-class living wage. Attention to the FLSA debates indicates that it is incorrect to view these shadings as either temporal or class differences; multiple mean- ings of the term “living wage” persisted into the twentieth century and were understood by working-class advocates. They reflected different visions of what constituted a living for different groups of workers and how these visions could be strategically achieved. For those workers deemed relatively powerless, state protection was necessary. A higher status, and thus a higher wage, was appropriate for those organized male workers who represented the hegemonic form of masculinity among the working class.

#### New living wage campaigns are municipal and whatnot

The 1990s saw a return to the discourse of wages as a living. The contempor- ary living wage movement – actually a relatively decentralized collection of local movements – once again transcends minimum notions of subsistence. The phrase “living wage” is used to express the idea that wages should pro- vide a modest but decent standard of living, given current social norms. Current living wage campaigns, like those in the earlier part of the twentieth century, involve discussions of fairness. One difference is that contemporary campaigns reflect recent changes in family structure and attitudes. The goal is to enable a single earner to support a family, whether that earner is female or male, married or not. Perhaps this is one reason why economist Robert Kuttner, in 1997, called the living wage campaign “the most interesting (and under-reported) grass-roots enterprise to emerge since the civil rights movement” (1997: G3).

Living wage campaigns fall into two categories: (1) campaigns to establish a minimum wage for contractors doing business with local (city or county), government; and (2) state-wide efforts to raise the minimum wage above the federal threshold. We focus on the local campaigns, relatively new strategies to assist low-wage workers.9 In particular, coalitions of community groups, faith-based activists, and labor unions have worked to pass legislation called municipal “living wage ordinances,” mandating that private businesses receiving public funds (through supplier contracts, tax incentives, cash grants, subsidies, loans or development bonds, enterprise zone aid, and/or use of publicly owned land) should pay their own workers a living wage. The dollar threshold typically chosen is the hourly rate equivalent for one full- time earner to keep a family of three or a family of four above the federal poverty line.

Living wage activists have revived arguments, discussed in Chapter 5, that employers whose employees are among the working poor are parasitic, link- ing this argument to the rise in what has been called corporate welfare. If private sector employers receive tax subsidies and other benefits from state and local government, then those same employers have a social obligation to

pay employees a family-sustaining wage. Organizers point to skyrocketing pay and perks for executives and administrators while low- and middle- income earnings stagnate or decline. An implicit or explicit ethical argument in many of the local living wage campaigns is that corporate America has a responsibility to treat their employees decently, in addition to piling up quar- terly dividends for owners/shareholders. In this guise, living wage ordinances are a response to increased income inequality.

The growing concentration of low-wage jobs in cities as a result of publicly subsidized downtown revival projects is another catalyst for living wage activism. Many jobs in new city convention centers, sports stadiums, hotels, restaurants, and airports are minimum wage or near-minimum wage jobs. The ordinances are also a response to reductions in the relative size of the public sector, specifically the push to privatize government services. Privat- ization has consisted of the outright sale of public sector assets and espe- cially the contracting out of services once provided by public employees. Inspired by Reaganomics (and Thatcherism in Great Britain), conservative politicians, economists, and businesspeople promoted privatization as a means of enlarging the domain of market forces. By the mid-1980s, there were tangible advances in the outsourcing of physical and commercial ser- vices in state and local government (Starr 1987; Donohue 1989; Gormley 1991). Some localities have stripped themselves of public assets such as water, waste water treatment, and electrical utility operations. Others have hired out services such as trash collection, recycling, and cleaning govern- ment buildings and parks to the private sector. Private firms are administer- ing health services such as Medicare, absorbing public hospitals, managing educational institutions including public and charter schools, directing and staffing correctional facilities, and overseeing public assistance (welfare) case loads.

With public sector downsizing, unionization rates in the public sector began to fall during the 1980s. This was a dual blow to the labor movement. Private sector union density had already begun to decline in the 1960s and 1970s, precipitated by the relative decline in manufacturing and the more aggressive challenge by management to union organizing campaigns (see Goldfield 1987; Yates 1998). At first, union organization in state and local government was able to hold off labor’s decline, as state governments passed legislation authorizing collective bargaining in state and municipal govern- ment. Momentarily, public sector union organizing outpaced private sector membership growth; but privatization began to take a toll on the newly unionized public sector labor force, especially women and people of color. Privatization was pitched as a cost-saving mechanism because it often replaced union workers with nonunion workers.

As a result, community organizations, labor unions, and religious groups have spearheaded local living wage campaigns. Through its state affiliates, a national clearinghouse of community groups, the Association of Com- munity Organizations for Reform Now (ACORN), has been active in a

majority of living wage campaigns in the U.S. The AFL-CIO and its affiliates, especially public sector unions such as the American Federation of State, County and Municipal Employees (AFSCME) and service sector unions such as the Service Employees International Union (SEIU), have been involved. Social services providers, including religious organizations, are ardent supporters of living wages because they are serving more and more clients under a shrinking social safety net. A joint statement by the bishops of Catholic, Episcopal, and Lutheran congregations in Cleveland, Ohio, read: “Basic justice compels us to advocate for the creation of a floor of material well-being on which all members of our community can stand” (quoted in Quinn 2000: 4B). Reverend Eugene Winkler, pastor of Chicago Temple First United Methodist Church related “It’s an economic issue, but it’s also a moral issue” (Herrmann 1996: 19).

#### Movements are a basis for new activism

Women’s wages, and specifically the need by a broad range of women to support their families, are an integral part of pay equity and living wage campaigns. Wages, and wage regulations, reflect and construct the living

arrangements and activities deemed appropriate in a particular time and place. They serve as a social practice. From the 1970s through the end of the twentieth century, wages as a social practice had to confront the reality of women’s changing economic roles. The two movements have not had sub- stantive impacts on wages thus far. But they have advanced a discourse that values the economic contributions of marginalized workers and mobilized them to insist that these contributions be recognized.

The movement to expand the basis for equal wages to incorporate female- dominated jobs found its greatest success in the public sector. In the 1980s, explicit job classification systems, high levels of both union density and female employment, and sympathetic women in executive and legislative positions on the employer’s side of the bargaining table were conducive conditions for reevaluating gendered pay scales. Activists hoped that these public sector initiatives could serve as models for private sector organizing. However, this occurred on a very limited scale. And unlike the Fair Labor Standards Act and the Equal Pay Act, state-level initiatives have not yet translated into federal action. There are efforts to enact a federal policy, spurred on by the importance working women continue to place on this issue. In fact, the AFL-CIO’s annual “Ask a Working Woman” survey has consistently found that equal pay is cited as working women’s number one priority.

Ironically, it was the delegitimation of state functions that undermined the public sector-based comparable worth movement and paved the way for living wage ordinances. Cutbacks in public sector workforces and privatiza- tion of government functions put the unions that spearheaded pay equity on the defense. New conditions emerged between public sector/service sector unions and community organizations, this time focused on the problems of the working poor and the inadequacy of the federal minimum wage. Living wage campaigns since the 1990s targeted the subset of private sector employ- ers who performed privatized functions or received government subsidies, mandating a family-sustaining wage floor in exchange for public funds. Although women’s organizations have not been the prime movers of the campaigns for local ordinances, many of the occupations affected are the female-dominated jobs designated by pay equity policies. Further, living wage campaigns in urban areas have mobilized minority communities and workers in minority-concentrated jobs that were generally overlooked in comparable worth job evaluation studies.16 Yet until there is a national living wage with broader coverage, the local ordinances will continue to have limited impact.

These two movements also illuminate the ongoing tension between wages as a living and wages as a price. Feminists and labor activists centered much of their arguments for comparable worth job evaluation on the need for objective, bias-free wage-setting mechanisms. Feminist scholars have noted that the technocratic nature of comparable worth strategies partly under- mined the viability of pay equity as a social movement. In contrast, con-

temporary living wage campaigns have emphasized grassroots mobilization around the rhetoric of wage fairness and living standards. Technical evidence has been used to bolster claims about adequate wage levels or to respond to ability-to-pay arguments, but tends to play a secondary role at the local level. The revival of this living wage discourse is a positive harbinger for political and economic change and should serve as a lesson for wage theorists. The waning of living wages as a movement and a theoretical idea in the latter part of the twentieth century ought to be reversed in the twenty-first century.

#### Complete history lesson

As we look back over the movements to regulate wages during the twentieth century, we can also glean a clear evolution in the implicit wage theories articulated by public policy advocates. Early in the century, that employers had a moral responsibility to pay their workers a living wage was a wide- spread ideal, if not a practice. Employers who paid less than a living were

viewed as harming not only their workers’ health and morals but the health of the community as well. When John Bates Clark, an eminent early neoclas- sical economist, said that the inability of hardworking Americans to earn a living was “an indictment of civilization” (1913: 289), and labor organizer Maud Swartz said of the charge that paying living wages would force some employers out of business “God speed the day!” (Swartz in Women’s Bureau 1923b: 81), they were reflecting the belief that wages should first and foremost provide a living.

Thinkers across the theoretical and political spectrums in the early twen- tieth century understood economic activity as a process of provisioning, that is, producing and reproducing human material life. An economy could be judged by its ability to provide economic well-being, what Adam Smith had termed the “necessaries and conveniences of life” (Smith 1937 [1776]: 78). As we have seen, while the role of market forces in setting wages had been long understood, market outcomes were not seen as infallible or untouch- able. The market could be judged by its ability to provide a living, and could be regulated when it failed to do so. In this context, it is understandable that the first two major initiatives on wages, state-level minimum wages for women and a gender-neutral minimum wage enacted in the Fair Labor Standards Act of 1938, were both based on the primacy of wages as a living.

Nevertheless, social practice of the time created ambivalence about the meaning of living wages for women, since they were expected to rely upon fathers and husbands for their primary support. Women’s entitlement to minimum wages came not on the basis of their identity as workers but on the basis of their identity as mothers. Health and morality of future mothers (or, at least, white mothers) had to be guaranteed for the larger social and eco- nomic good. In contrast, when the federal minimum wage was enacted, it covered white male workers whose claim was based on their role as bread- winners and providers. The concept of living wages took on multiple mean- ings for different constituencies, serving as a social practice organized by gender and race-ethnicity. The dominant model, legitimated by labor market and social welfare policies, was the white male breadwinner family, with subordinated groups attempting to gain access to such family arrangements.

Redefining fairness

By mid-century, stories about wages increasingly emphasized the necessary equivalence of exchange between the value of the work performed and the wage received. Fairness was defined purely in terms of commutative justice, that is, an equal exchange between two parties. For neoclassical economists and those endorsing their worldview, market mechanisms – the laws of sup- ply and demand – were the most efficient and objective means of ensuring the equivalence of exchange. However, management consultants and neo- institutional economists looked to job evaluation systems and other wage- setting practices within firms to determine the relative value of different jobs

and compensate them fairly. In the context of these two versions of wages as a price, fairness became separated from measures of well-being. The under- standing of economic activity as provisioning gradually faded into the background.

The shift from “living wages” to “equal wages” discourse within reform movements reflected this emerging standard of fairness. Challenging the neu- trality of market mechanisms, feminists nevertheless adapted to the con- straints imposed by market discourse by strategically adopting the language of productivity and fairness in exchange. Reformers advocating higher wages for women had to explain why the wages women received did not conform to their true productive value. They focused on the concept of discrimination, defined as pay less than the value (in monetary terms) of the marginal prod- uct of labor or as different pay for identically productive workers; these definitions hinged on the quest for a gender-neutral (or racially neutral) price for labor. Noting imperfections in market mechanisms, working women’s advocates endorsed job evaluation as a means of rectifying market-generated wage inequality. The rate for the job and equal pay for equal work became the focus.

The Equal Pay Act of 1963 that resulted from the movement for equal wages was utilized to make improvements in some women’s economic pos- ition. Under this legislation, it was women’s identity as workers alongside men, rather than their differential status within the family, that was the basis for state intervention. Yet, despite the rigid rules of the discourse that allowed only for arguments based on wages as a price, it is clear that feminists and labor activists did not forget the roles of wages as a living and a social practice. Equal pay advocates continued to use these forms of arguments, while the opponents of the Equal Pay Act focused primarily on productivity and prices. The very assertion of equal wages by feminists and labor activists was predicated upon changes in family structure, in the nature and organiza- tion of work, and in gender norms that called for a new set of social practices in setting wages – including the recognition that women did not, by choice as well as by circumstance, rely upon male breadwinners for their living.

Responding to market hegemony

As the century waned, the primacy of market mechanisms increasingly dom- inated other stories. The movement for equal wages had to settle for partial victories, as it faced increasing obstacles to extending pay equity policies from the state government to the private sector or federal legislation. By focusing on job evaluation as a technique and gender-neutral prices as a discourse, pay equity advocates partly lost touch with the grassroots mobil- ization based upon needs that marked living wage movements in the early part of the century. Pay equity was also undermined by the delegitimation of the state and fragmentation of its potential political base wrought by the rise of free market ideology.

### Figart 05 – Dummy Variable

Figart 05 [Deborah M. Figart (Professor of Economics at Richard Stockton College, New Jersey). “Gender as More Than a Dummy Variable: Feminist Approaches to Discrimination.” REVIEW OF SOCIAL ECONOMY, VOL. LXIII, NO. 3, SEPTEMBER 2005] AJ

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#### Economics is based on gendered assumptions that are bad

Although feminist economics places gender (and, sometimes, class, race, ethnicity, and sexuality) as the center of analysis, it is more than a study of the status of women (see Emami 1993). Feminist research in economics also points to sources of bias in traditional theory.7 Feminist economists support methodological and pedagogical pluralism, diverse epistemologies, and emphasize praxis (Bergmann 1987; Ferber 1995; Nelson 1995a). Feminist approaches to the study of discrimination share some critiques of neoclassical discrimination models with institutionalist and radical analyses of labor markets, but also provide a unique contribution through the development of gender theory. From institutional and radical analyses, a feminist theory of discrimination recognizes that the structure of labor markets and other economic and social institutions influence individual economic actors. In the words of Barbara Bergmann:

Feminist economists . . . see employment discrimination not as a personal foible of the individuals who make hiring decisions, but as deriving from a system of social organization in which woman’s role is as a servant of men (1987: 136).

In addition to the material and systematic elements of women’s oppression, often incorporated into theories of patriarchy, postmodern and socialist feminists have challenged us to recognize the power of culture and ideology in constituting gender. Gender theory focuses on the process by which gender shapes social institutions, including economic institutions (see Beechey 1988; Acker 1988; Chafetz 1989; Folbre 1994). Veronica Beechey provides an excellent formulation of gender theory which does not ‘‘lose sight of material reality and reduce everything to an analysis of discourses and texts.’’ She suggests that such formulations of gender:

. . . move beyond the interminable questions which have not proved very fruitful for feminist analysis about the relative primacy of ‘the economic’ and ‘the ideological’ and they have a much more complex view of what constitutes gender which can embrace the kinds of questions which feminist empirical studies of work have identified as being important—questions to do with the experience of work as well as its structural organization, questions of culture and subjectivity as well as questions of job segregation and pay (1988: 58).

Each of these themes and theoretical constructs can be detected in my propositions about feminist approaches to labor market discrimination.

For purposes of a broad-based research agenda, I propose a feminist definition of discrimination which emphasizes process as well as outcomes; measurable as well as unquantifiable repercussions. Discrimination is not ‘‘other;’’ it is more than an unexplained residual and cannot be controlled for through the use of dummy variables. Labor market discrimination is a multidimensional interaction of economic, social, political, and cultural forces in both the workplace and the family, resulting in differential outcomes involving pay, employment, and status. This definition provides a basis for the five propositions I outline below.

Proposition #1: Feminist approaches are motivated by a concern for understanding and rectifying the discrimination faced by women and other groups.

#### Discrimination throughout the market

Based on their research on a variety of organizations in the north of England, Carol Buswell and Sarah Jenkins (1994) argue that organizations develop a variety of public patriarchal strategies which disadvantage women in the labor market. For example, the extensive use of part-time versus full- time workers serves to maintain women’s inferior status. In contrast, managers are expected to work very long, even nonstandard, hours. The development of equal opportunity policies which themselves perpetuated gender distinctions in the labor market coincided with an historical expansion from private patriarchy in the household to public patriarchy embedded in employment and government institutions. Institutionalized public patriarchy provides a feedback effect which fortifies a gendered division of labor in households.

These organizational studies from the U.S. and Europe, as well as other intra-firm studies by sociologists and other researchers, indicate the relative rigidity of segmentation and wage differentials, even when employers are pressured to engage in equal opportunity. Managers and male workers both exert power in constructing and perpetuating gender-based wage discrimina- tion, yet the relative power of each varies between organizations. Women may have the greatest opportunities to contest discrimination in situations where individuals have less ability to implement their gender-biases (or where there is an institutional commitment to equality). However, Kim also points to the hazards of organizational rigidities which ossify discriminatory attitudes into pay structures.

Proposition #4: Feminist approaches demonstrate the integrated analysis of economic, social, and political institutions in maintaining discrimination.

Along with attention to firm dynamics, feminists analyze the role of larger social institutions and forces external to the firm. Feminist studies of discrimination can entail exploring the relationship between gendered employment and (1) economic development and fluctuations; (2) family and household institutions; and (3) the state and public policy. While other social and community institutions such as religion also contribute to discrimination, there has been far less attention to these in the literature. Although feminists from different perspectives often emphasize the high degree of autonomy of one or more of these sets of institutions, I would suggest that each interacts with and constrains developments in the other spheres. To match the extensive research chronicling discrimination at the firm level, there is a need for more inquiry into the interrelationship between labor markets and economic, social, and political institutions—as well as the interactions between these three spheres.

#### The state plays a role

The state’s role in maintaining class, gender, and racial hierarchies deserves greater attention in feminist analyses of discrimination. There has not been enough study by feminist economists on the role of the state in labor market inequality in industrialized countries. If one were to conduct a literature search on the keywords ‘‘women’’ and ‘‘state,’’ the citations would be almost exclusively on the social welfare system.13 One possible exception is research on how the state as an employer develops and maintains discriminatory salary structures in the comparable worth literature. In fact, state policies can also have a tremendous impact on the direction of economic development and thus on the opportunity structures by race and gender. Thus, feminists need to evaluate the state as an agent in private sector labor markets.

Equality policies can be structured in ways which sustain gender, race, and class divisions. In two studies of the Republic of Ireland, Jean Pyle (1990) and Deborah Figart (1992) document that state policies which recognize women’s family responsibilities may also reinforce segmentation, pay differentials, and traditional family structures. Drawing on the work of welfare state analysts, Kim Blankenship (1993) critiques the historical development of U.S. employment discrimination policies: the Equal Pay Act of 1963 and Title VII of the Civil Rights Act of 1964. Legislation was constructed and interpreted in ways which distinguish between gender discrimination (as a problem of unequal pay) and race discrimination (as a problem of unequal access). She indicates that this bifurcated approach led to a modified version of family wage ideology. Black men gained access to jobs earning a family wage and some white women who worked alongside men were guaranteed equal pay for equal work. However, many women, including the vast majority of women of color, worked in service and agricultural occupations which were excluded from coverage under the Equal Pay Act. Further, the construction of separate equality policies provided obstacles to comparable worth advocates’ attempts to pursue remedies to wage discrimination for women in female-dominated occupations under Title VII.

A legal commitment to equality may be less significant than broader differences in national labor regulation. Several researchers undertaking cross- cultural research have emphasized national variations in women’s labor market position as a reflection of institutional differences (Rubery 1992; Blau and Kahn 1992). For example, Jill Rubery’s study of Germany, Italy, and the United Kingdom finds that cross-cultural differences in labor market structures, employment regulation, and collective bargaining systems all contribute to the magnitude of pay differentials. The wage gap and wage dispersion were higher in the U.K., with stronger equal pay and equal value provisions, than in countries with centralized bargaining and wage solidarity policies. In a comparison of eight industrialized countries, Francine Blau and Lawrence Kahn also find that centralized wage-setting institutions which decrease interfirm and interindustry wage variation reduce the gender pay gap more than a legal commitment to equal employment opportunity. The role of the state is highlighted by Rubery’s finding that a higher level of employment regulation—in the form of minimum wage legislation, mandatory benefits for part-time work, and centralized bargaining apparatus—benefits working women.

Feminist macroeconomists have made a substantial contribution to comparative economics and development economics by evaluating how state economic liberalization and structural adjustment policies have affected the division of labor in the household and in the labor market. Among the published collections, two such studies Unequal Burden (Benerı ́a and Feldman 1992) and Women in the Age of Economic Transformation (Aslanbeigui et al. 1994) present the following arguments. The policy shift from import substitution to export-led development coupled with the demands of governments and lending institutions for free markets, privatization, and fiscal constraint are assumed to be gender neutral. In reality, these policies have reinforced patriarchy, as the costs of privatization have fallen disproportionately on women and children while the benefits of restructuring accrue to men with greater access to property, capital, and credit. Thus, liberalization policies have resulted in increased poverty among women and their families, the reliance on low-wage, primarily female labor in the export-dependent and informal sectors, while leaving women responsible for family maintenance in the household without any more decision-making authority. Although discrimination is traditionally viewed from a micro- economic perspective, macroeconomic analysis draws attention to the role of the state in shaping the direction of development, including employment opportunities by gender, class, and race.

### Peterson 05

Peterson 05 [“How (the Meaning of) Gender Matters in Political Economy.” V. SPIKE PETERSON (Department of Political Science, University of Arizona). New Political Economy, Vol. 10, No. 4, December 2005] AJ

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#### Fem constructivism good

As a generalisation regarding theoretical developments, feminist scholars increasingly subscribe to constructivist orientations, where masculinist assump- tions are problematised and feminist alternatives explored.14 Constructivism means different things to different people, especially in different disciplines. Without engaging complex definitional debates, I simply note minimalist claims: constructivism recognises that agent and structure are not categorically separate (as in a positivist binary), but interact to construct social reality. By acknowledging the social construction of agents, identities and ideologies, constructivism opens inquiry to new questions, not least for present purposes, how masculinist (and other) ideologies shape what we study and how we study it. On the continuum posited here, this goes beyond simply adding women as an empirical category and has the potential for altering existing theoretical frameworks. (Whether and to what extent it does so depends on the particular research issues and epistemo- logical commitments of the researcher.)

In addition, constructivism has two important and overlapping strengths. Analytically, it has the advantage of insisting on the centrality of shared ideas, or intersubjective meaning systems, in constituting social reality; it thus accom- modates cultural coding and subjective dimensions that (I argue below) have particular force in today’s political economy. Moreover, in contrast to poststruc- turalism, it has the strategic advantage of making sense to, and being accepted by, a growing audience; it thus reaches across more thematic and disciplinary boundaries and facilitates conversations along and across the continuum of gen- dered political economy. Constructivism is thus crucial to feminist (and other criti- cal) interventions as it significantly expands the terrain of inquiry and provides an important ‘bridge’ across epistemological divisions.15 To address an expanding agenda and critical commitments, feminists draw on a variety of approaches – Marxian, heterodox, institutionalist, neoGramscian, social economics, world systems – and currently favour heterogeneity and pluralism over adherence to any single paradigm.

This suggests perhaps the most significant trend in gendered political economy: away from making feminisms ‘fit’ orthodox approaches (decreasing dependence on them) to generating unique and unapologetically feminist methodologies and theories. This has been fuelled by an expansive critical literature that rejects ‘absolute objectivity’, ‘decontextualised rationality’, rigid boundaries and mono- logical explanations as masculinist and modernist preoccupations, in favour of holistic, historical, ‘thicker description’ and institutional embeddedness. This maturation in confidence involves moving beyond critical, corrective orientations to production of alternatives, demonstrating their efficacy and benefits, and gener- ating visions of economics that include ethical, more humane concerns. Arguably the most fundamental and widely accepted shift among feminists is the rejection of neoclassical models of abstract rationality and ‘choice’ in favour of a more relevant and responsible model of ‘social provisioning’.16

#### What it entails for a fem political economy

From more constructivist and especially poststructuralist starting points, gender is understood as a governing code and its inclusion in our analyses necessarily has epistemological/theoretical implications. On this view, gendering political economy entails a questioning of orthodox methods and foundational inquiries in so far as these rely on gendered assumptions and biases. This raises the theor- etical stakes dramatically: it threatens to be systemically disruptive, which decreases receptivity and increases resistance to more complex understandings of gender. It is important to note that, in the absence of constructivist or poststruc- turalist insights, the meaning of operational ‘codes’ (gender or otherwise) is neither obvious nor readily comprehended. Hence, the systemic, intellectually transformative work of feminists is effectively ‘invisible’ because it exceeds what the mainstream can see or comprehend through positivist/modernist lenses. In this sense, the marginalisation of constructivism and poststructuralism in economics, political economy and IPE significantly limits how gender is understood, and goes some way in explaining both the variation among feminists and the relatively superficial engagement of non-feminists, who cannot (or do not want to) ‘see’ the profound implications of taking gender seriously. In other words, epistemological commitments shape receptivity to feminist work, and especially which feminist insights/claims are deemed comprehensible, acceptable and/or compelling.

#### Turns neolib and globalization, which are gendered

Neoliberal policies guiding contemporary globalisation are promoted primarily by geopolitical elites in the interest of powerful states and the inter- and transnational institutions they effectively control. Deregulation has permitted the hypermobility of (‘foot-loose’) capital, induced phenomenal growth in crisis-prone financial markets and increased the power of private capital interests. Liberalisation is selectively implemented: powerful states engage in protectionism, less through tariffs than rules, regulations and subsidies,21 while developing countries have limited control over protecting domestic industries, the goods thereby produced and the jobs provided. Privatisation has entailed loss of nationalised industries in developing economies and a decrease in public sector employment and pro- vision of social services worldwide. The results of restructuring are complex, uneven and controversial. While economic growth is the objective and has been realised in some areas and sectors, evidence increasingly suggests expanding inequalities, indeed a polarisation, of resources within and between countries.

Globalisation is a gendered process that reflects both continuity and change. Men, especially those who are economically, ethnically and racially privileged, continue to dominate institutions of authority and power worldwide. And mascu- linist thinking continues to dominate economic theorising and policy making: top- down, decontextualised (non-holistic), formulaic and over-reliant on growth and quantifiable indicators (rather than provisioning and measures of human wellbeing and sustainability). But globalisation is also disrupting gendered patterns by alter- ing conventional beliefs, roles, livelihoods and political practices worldwide. While some changes are small and incremental, others challenge our deepest assumptions (e.g. male breadwinner roles) and most established institutions (e.g. patriarchal families). Feminists argue that not only are the benefits and costs of globalisation unevenly distributed between men and women, but that masculinist bias in theory/practice exacerbates structural hierarchies of race/ethnicity, class and nation.

With other critical scholars I argue that dominating accounts of GPE perpetuate economistic, modernist/positivist and masculinist commitments. In particular, these preclude adequate analyses of two central features of global restructuring. First, today’s globalisation is distinguished by its dependence on historically con- tingent and socially embedded information and communication technologies (ICTs) specific to the late twentieth century. Due to the inherently conceptual/cul- tural nature of information, not only empirical but analytical challenges are posed by the unprecedented fusion of culture and economy – of virtual and material dimensions – afforded by ICTs. In brief, the symbolic/virtual aspects of today’s GPE expose – to a unique extent and in new developments – how conventional (positivist) separations of culture from economy are totally indefen- sible and how poststructuralist lenses are essential for adequately analysing today’s GPE. Second, globalisation and its effects are extremely uneven, mani- fested starkly in global, intersecting stratifications of ethnicity/race, class, gender and nation. To address these conditions adequately requires critical and especially feminist postcolonial lenses.

Moreover, to investigate the interconnections among structural hierarchies I deploy gender analytically, arguing that denigration of the feminine (coded into masculinist/modernist dichotomies as hierarchical) pervades language and culture, with systemic effects on how we ‘take for granted’ (normalise/depoliti- cise) the devaluation of feminised bodies, identities and activities. This has par- ticular relevance for economics, where assessments of ‘value’ are key. I argue that feminisation of identities and practices effectively devalues them in cultural as well as economic terms. Briefly: the taken-for-granted devaluation of ‘women’s work’ is generalised from women to include feminised ‘others’: migrants, marginalised populations, ‘unskilled’ workers, the urban underclass and develop- ing countries. Women and feminised others constitute the vast majority of the world’s population, as well as the vast majority of poor, less skilled, insecure, infor- malised and flexibilised workers; and the global economy absolutely depends on the work that they do. Yet their work is variously unpaid, underpaid, trivialised, denigrated, obscured and uncounted: it is devalorised. This economic devalorisation is either hardly noticed or deemed ‘acceptable’ because it is consistent with cultural devalorisation of that which is feminised. The key point here is that feminisation devalorises not only women but also racially, culturally and economically margin- alised men and work that is deemed unskilled, menial and ‘merely’ reproductive.

Moving beyond a narrow definition of economics, I develop an alternative analytical framing of reproductive, productive and virtual economies that shifts how we see the terrain of globalisation and hence how we might interpret, under- stand and respond to it. I refer not to conventional but Foucauldian economies: as mutually constituted (therefore coexisting and interactive) systemic sites through and across which power operates. These sites involve familiar exchanges, but also include sociocultural processes of subject formation and cultural sociali- sation that underpin identities and their political effects. The conceptual and cultural dimensions of these sites are understood as inextricable from (mutually constituted by) material effects, social practices and institutional structures. The objectives are to demonstrate the co-constitution of culture and economy, the interaction of identification processes and their politics, and the value of deploying a critical feminist, poststructuralist lens as a means to exposing the operating codes of neoliberal capitalism. Here I review only major trends in each economy, emphasising how they are gendered.

#### Trends in globalization and feminization of labor

Flexibilisation tends to increase the power and autonomy of management and be attractive to those with highly valued skills. Some find that flexible arrange- ments better suit their life conditions. Mothers and single parents may prefer flex- ible arrangements, although this must be assessed in the context of childcare availability and limited access to better-paying and more secure employment opportunities. Specific trade-offs depend on specific contexts, but a general point remains: in the absence of regulatory frameworks that protect workers’ rights and generate living wages, flexibilisation translates into greater insecurity of employment and income for the majority of the world’s workers.22

Third, employment shifts from manufacturing to information-based services as technologies transform the nature of work worldwide. Income polarisation is exacerbated in so far as service jobs tend to be either skilled and high-waged (professional-managerial jobs; for which read ‘masculinised’) or semi-, unskilled and poorly paid (personal, cleaning, retail and clerical services; for which read: ‘feminised’). Hence, this shift also favours countries with developed technology infrastructures and relatively skilled workers.23

The fourth trend is feminisation of employment, understood simultaneously as a material, embodied transformation of labour markets (increasing proportion of women), a conceptual characterisation of deteriorated and devalorised labour con- ditions (less desirable, meaningful, safe or secure), and a reconfiguration of worker identities (feminised managers, female breadwinners). Women’s formal employ- ment has been increasing worldwide, while male participation has been falling (this indicates less an empowerment of women than a deterioration in working conditions for men). As jobs require few skills, and flexibilisation becomes the norm, the most desirable workers are those who are perceived to be undemanding (unorganised), docile but reliable, available for part-time and temporary work, and willing to accept low wages. Gender stereotypes depict women as especially suitable for these jobs and gender inequalities render women especially desperate for access to income. In short, as more jobs become casual, irregular, flexible and precarious, more women – and feminised men – are doing them.

#### Structural adjustment, free trade, and privatization are gendered

Sixth, feminists have generated extensive research on structural adjustment policies, documenting not only their gender-differentiated effects but also gender, class and racial/ethnic biases in policy making. Privatisation has patterned effects in so far as reductions in public spending have generalisable consequences. When social services are cut, women are disproportionately affected because they are more likely to depend on secure government jobs and on public resources in support of reproductive labour. When public provisioning declines, women are culturally expected to fill the gap, in spite of fewer available resources, more demands on their time and minimal increases in men’s caring labour. Effects include more women working a ‘triple shift’, the feminisation of poverty world- wide, and both short- and long-term deterioration in female health and human capital development.

Trade liberalisation is associated with increases in women’s labour force par- ticipation worldwide, with complicated gender effects. In general, elite, educated and highly skilled women benefit from the ‘feminisation of employment’ and employment in any capacity arguably benefits women in terms of access to income and the personal and economic empowerment this affords.25 Women, however, continue to earn 30–40 per cent less than men, and the majority of women are entering the workforce under adverse structural conditions. Work in export-processing zones is tedious yet demanding, and sometimes hazardous, with negative effects on women’s health and long-term working capacity. When new technologies are implemented it is also typically men – not women – who are retained or rehired as machine operators.26

The uneven and gendered effects of these trends are most visible in relation to production processes and working conditions. For the majority of families world- wide, one-third of which are female-headed, restructuring has meant declining household income, reduced access to safe and secure employment, and decreased provision of publicly funded social services. Global poverty is increasingly feminised and is especially stark among female-headed households and elderly women. In developed economies reduction of social services disproportio- nately hurts women, the urban underclass and immigrant families. Structural adjustment programmes imposed on developing countries exacerbate women’s poverty by promoting outward-oriented growth, rather than meeting domestic sub- sistence needs. They reduce public subsidies that lower prices of basic goods, spur urbanisation and labour migration that increases the number of female-headed households, aggravate un- and underemployment of men that reduces household income, and disrupt traditional social forms of support for women.

#### Reproductive economy is mistakently ignored in squo

Conventional – and continuing – neglect of the ‘reproductive economy’ (RE) exemplifies masculinist and modernist bias in political economy. This neglect con- tinues due to masculinising the (valorised) public sphere of power and formal (paid) work, and feminising the (marginalised) family/private sphere of emotional maintenance, leisure and caring (unpaid) labour. Here I focus on three reasons for taking the RE seriously: the significance of subject formation and socialisation, the devalorisation of ‘women’s work’ and the increasing role of informalisation in the GPE.

Socialisation presumably teaches us how to become individuals/subjects/ agents according to the codes of a particular cultural environment. Subject formation begins in the context of family life, and the language, cultural rules, and ideologies we acritically imbibe in childhood are especially influential. This is where we first observe and internalise gender differences, their respective iden- tities and divisions of labour. Moreover, gender acculturation is inextricable from beliefs about race/ethnicity, age, class, religion and other axes of ‘difference’.

Feminists have long argued that subject formation matters structurally for economic relations. It produces individuals who are then able to ‘work’ and this unpaid reproductive labour saves capital the costs of producing key inputs. It also instils attitudes, identities and belief systems that enable societies to function. Capitalism, for instance, requires not only that ‘workers’ accept and perform their role in ‘production’, but that individuals more generally accept hierarchical divisions of labour and their corollary: differential valorisation of who does what kind of work.

Socialisation and the caring labour required to sustain family relations are stereotyped as ‘women’s work’ worldwide. Yet, in spite of romanticised mother- hood and a glut of pro-family rhetoric, neoliberal globalisation reduces the emotional, cultural and material resources necessary for the wellbeing of most women and families. Similarly, the ideology of patriarchal states, religions and nuclear families that locates women in the home (as loyal dependents and loving service providers) is today contradicted by two realities: many women wish to work outside of the home, whilst for many other women, economic reali- ties (and consumerist ideologies) compel them to seek formal employment. As already noted, when household resources decline, masculinist ideologies hold women disproportionately responsible for family survival. Women everywhere are increasing the time they spend on reproductive labour, in ensuring food avail- ability and health maintenance for the family, in providing emotional support and taking responsibility for young, ill and elderly dependents. Mothers often curtail their own consumption and healthcare in favour of serving family needs, and daughters (more often than sons) forfeit educational opportunities when extra labour is needed at home. The effects are not limited to women because the increased burdens they bear are inevitably translated into costs to their families, and hence to societies more generally.27 As a survival strategy, women especially rely on informal work to ensure their own and their family’s wellbeing.

Informal activities are not unique to, but have nonetheless greatly expanded in, the context of neoliberal restructuring.28 Increasing un- and underemployment, flexibilisation and erosion or prohibition of union power has meant declining real incomes and decreased job security worldwide. Deregulation and privatisation undercut welfare provisioning, state employment and collective supports for family wellbeing. People are thus ‘pushed’ to engage in informal activities as a strategy for securing income however they can. Informalisation has a variety of direct and indirect effects on labour relations. In general, it decreases the structural power of workers, reaps higher profits for capital, depresses formal wages, dis- ciplines all workers and, through the isolation of informalised labour, impedes collective resistance. Women, the poor, migrants and recent immigrants are the prototypical (feminised) workers of the informal economy;29 in the context of increasing flexibilisation, the devalued conditions which informalisation demands are arguably the future for all but elite workers worldwide.

#### Globalization also is virtualized, which fem turns

Globalisation is especially visible in flows of symbols, information and communi- cation through electronic and wireless transmissions that defy territorial con- straints. It is not only the new scale and velocity of these transmissions but the different (symbolic, non-material, virtual) nature of these processes that we must address, as intangible symbols contravene familiar notions of time and space as well as conventional analyses of material goods. The unprecedented fusion of symbols/culture and commodities/economy in today’s GPE requires an under- standing of ‘culture’ and ‘economy’ as co-constituted. Given the newness of these developments, specifying a ‘virtual economy’ (VE) is a first step. I identify three (interactive) modes of this economy – financial, informational, cultural – and review them briefly here with a focus on how they are gendered.

Since the 1970s floating exchange rates, reduced capital controls, offshore transactions, desegmentation, new financial instruments, securitisation and the rise of institutional investors have interacted to amplify the speed, scale and com- plexity of global financial transactions. (Male-dominated) powerful states have been complicit in, and (masculinist?) technologies have been decisive for, enabling the mobility of capital and its enhanced power. The key result is an ‘enor- mous mass of “world money” . . . [that] is not being created by economic activity like investment, production, consumption, or trade ... It is virtual [symbolic] rather than real [commodity] money.’32 The point is not that this ‘delinking’ (of symbolic from commodity money) insulates the real economy from global finance; rather, prices ‘set’ in the virtual economy (e.g. through interest and exchange rates) have decisive (and gendered) effects throughout the socio- economic order. For example, investment strategies shift toward short-term horizons and away from infrastructural and arguably more socially-beneficial endeavours; production shifts toward flexibilisation, with its problematic job inse- curities; and labour markets are polarised between high-tech, highly skilled mas- culinised jobs and devalorised, feminised services. In global financial markets, what does distinguish symbolic from commodity money is the extent to which its symbolic/informational content (e.g. stock market values and forecasts) is a function less of ‘objective’ indicators than processes of interpretation that involve subjective ideas, identities and expectations. Financial crises and stock market scandals reveal the extent to which (primarily male) agents in this rarefied environment rely on guesswork, trust in their colleagues’ opinions, and purely subjective assessments as they ‘play’ casino capitalism. Moreover, feminists have documented the role of masculine identities among power wielders, as a shift from more state-centric ‘Chatham House Man’ to market-centred ‘Davos Man’ and as shaping the subjectivities of financial traders.33

Effects of global finance are multiple. The allure of financial trading exacer- bates the devalorisation of manufacturing and encourages short-term over long- term investments in industry, infrastructure and human capital. The expansion, complexity and non-transparency of global financial transactions makes money laundering easier, which enhances opportunities for illicit financial trading as well as organised crime (including the gendered practices of trade in women, guns and drugs) and decreases tax contributions that underpin public welfare. Access to credit becomes decisive for individuals and states, and is deeply struc- tured by familiar hierarchies. Increasing urgency in regard to ‘managing money’ and investment strategies shifts status and decision-making power within house- holds, businesses, governments and global institutions. These changes disrupt con- ventional identities, functions and sites of authority, especially as pursuit of profits displaces provisioning needs and governments compete for private global capital at the expense of public welfare.

Moreover, the instability of financial markets increases risks that are socialised (hurting public welfare) and, when crises ensue, women suffer disproportionately. Two entwined issues emerge: first, women and gender-sensitive analyses are absent – or at best marginalised – in the decision-making processes and analytical assessments of the financial order. Women are underrepresented in the institutions of global finance, a model of elite agency and (instrumental) economic ‘efficiency’ is deemed common sense, and the masculinism of financial players and their prac- tices is obscured. Second, these exclusions and blinders filter what elite analysts are able – or willing – to ‘see’. In particular, they obscure the gendered costs of crises: loss of secure jobs and earning capacity due to women’s concentration in precarious forms of employment; lengthened work hours for women as they ‘cushion’ the impact of household income; decreased participation of girls in education and deteriorating health conditions for women; increased child labour and women’s licit and illicit informal activities; and increased acts of violence against women.34

These costs not only disproportionately hurt women in the immediacy and aftermath of crises, but have important long-term effects. On the one hand, girls and women are less able to participate as full members of society and have fewer skills required for safe and secure income-generation, whilst the intensifi- cation of women’s work with fewer resources imperils social reproduction more generally. On the other hand, entire societies are affected as deteriorating con- ditions of social reproduction, health and education have long-term consequences for collective wellbeing and national competitiveness in the new world economy.

The informational mode of the virtual economy features the exchange of knowledge, information or ‘intellectual capital’. While all processes involve infor- mation/knowledge, information here is the commodity: ideas, codes, concepts, knowledge are what is being exchanged. This commodification poses questions poorly addressed in conventional analyses. In particular, the informational economy has unique characteristics: its self-transforming feedback loop, the imperative of accelerating innovation, defiance of exclusive possession, capacity to increase in value through use and intrinsic dissolution of cultural-economic dis- tinctions. Hence, the informational economy necessarily involves a transformation not only of goods, but also of (gendered) thinking, knowledge and cultural codes.

Computer-based digitisation enables the conversion (reduction) of information, images, literature, music and even human experience into a binary code of 1s and 0s available to anyone with the relevant ‘reading’ capacity (conceptual and tech- nological, access to which is gendered). These many and diverse phenomena are reduced to a common, universal code and circulated ‘virtually’ around the world, without the constraints of time and space. Digitisation also effectively ‘objectifies’ these diverse phenomena, rendering them objects/commodities that are tradeable.

#### Media dominance is masculinized and shapes reality

Economic and political developments are simultaneously embedded in, affected by and profoundly shape sociocultural beliefs and practices. Not all information/ knowledge is deemed worthy of digitisation or incorporation in networks of com- munication, and the selection processes at work are pervasively gendered. Media conglomerates – dominated by elite men and the corporate, consumerist interests they serve – determine the content of what is transmitted. The news industry focuses on traditionally male-defined activities: war, power politics, financial markets and ‘objective’ indicators of economic trends. Women are relatively invisible in these accounts, except as victims or those who deviate from gender expectations. The significance of media domination and its effects cannot be over- stated, for it ultimately shapes what most of us know about ‘reality’ and our subjective interpretation of reality is shaped by the cultural codings of global media. News reporters, politicians and advertisers know that the media powerfully shape what we have knowledge of, believe in, hope for and work toward; they create and direct consumer desire, as well as social consciousness and political understanding. More generally, the politics of knowledge/information include whose questions are pursued, whose concerns are silenced, whose health needs are prioritised, whose methods are authorised, whose paradigm is presumed, whose project is funded, whose findings are publicised, whose intellectual prop- erty is protected. All of these are deeply structured by gender, as well as racial, economic and national hierarchies.

The conceptual and ideological commitments of digitisation and the informa- tional economy are inextricable from the embodied practices of this economy. Whose history, stories, lives, language, music, dreams, beliefs and culture are documented, much less celebrated? Who is accorded credibility and authority: as religious leader, economic expert, marketing genius, financial guru, scientific expert, objective journalist, leading scholar, technological wizard, ‘average American’, ‘good mother’, ‘man on the street’? Who is empowered to speak on behalf of their identity group, who on behalf of ‘others’? Who benefits and how from English as the global lingua franca? Who determines what information is publicised – witnessed, replicated, published, disseminated, broadcast? Again, gender features prominently in these questions, and the politics they reveal. In sum, like money, information is not neutral. It carries, conveys and confers power in multiple ways, with diverse effects. Adequate analysis of these develop- ments requires taking the politics of cultural coding seriously and taking seriously the gender of cultural coding.

#### Consumptive ideology is gendered

As a status indicator, consumption assumes greater significance as consumer goods are made available, consumption becomes a ‘way of life’, and market- created codes determine what is ‘worth’ consuming. The politics of advertising – who decides what we ‘want’ and with what effects – is explicitly about using cul- tural codes to manipulate consciousness. Gender and the reproductive economy figure prominently here, as gendered stereotypes and divisions of labour continue to identify women/housewives as the key consumers whose primary motivation for consumption is presumably to please men and improve family life. This raises a number of issues: advertising is disproportionately targeted at women (and tends to depend on and reproduce heterosexist stereotypes); constructions of ‘femininity’ are arguably more dependent on market/consumer ideologies and the aesthetics they promote than are constructions of ‘masculinity’.35 women must learn and use particular (but typically unacknowledged) skills as informed and competent consumers; women/housewives exercise varying forms of power as consumers, especially within the household but also as investment decision makers; masculinist paradigms tend to neglect consumption ‘work’ (and skills); and masculinist and productivist paradigms have been slow to recognise the economic role of consumption in today’s economy.

Similarly, arts and entertainment are increasingly less an expression of local cultures and spontaneous creativity than big business on a global scale where selling sex and sensationalism is a lucrative strategy. Popular music and videos feature perennial themes of love sought, gained and lost, while sexual themes are increasingly more explicit, graphic and violent. Women’s bodies continue to be objectified, and their sexual interests either trivialised or exaggerated into causes of male desperation, perversion and destruction. Similarly, women rarely appear as strong, independent or competent, except as adjuncts of male exploits, a challenge to be overcome, or a caution against ‘excessive’ female power. Feminisms are rarely depicted positively, but denigrated as disruptive, ‘anti- family’, irrational or, at best, ‘too idealistic’. Negative representations in ‘popular culture’ not only undercut the political efficacy of feminist activism, but also undermine the acceptability and credibility of feminist interventions in all spheres, including the academy and its knowledge production.

While affluent consumption is the priviIege of only a small percentage of the world’s population, it shapes the desires, choices and valorisation of those without affluence.36 The political economy of consumption involves consumerism as an ideology (fuelled by pervasive advertising and global media that propel even the poorest to desire consumer goods as an expression of self-worth), as well as the more familiar power-laden practices of consumption. Whose needs, desires, and interests are served? Whose bodies and environments are devalorised in pursuit of consumerism and the neoliberal commitment to growth (rather than redistribu- tion) that fuels it? Finally, consumerism requires purchasing power, increasingly sought through access to credit. As already noted, patterns regarding who has it, how much they have, and how they use it correspond tellingly to class, race/eth- nicity, gender and geopolitical stratifications.

#### Conclusion – fem k2 political economy

My review of feminist political economy positions has indicated the breadth and depth of scholarship in the past decade. The issues that feminists debate reflect dif- fering empirical/substantive priorities, ideological preferences and, especially, epistemological orientations. In particular, feminists are differentiated by how they understand and deploy gender: as an empirical category that tends to become a synonym for ‘women’ (in relation to ‘men’) or as an analytical category that pervades meaning systems more generally. The former is an indispensable starting point and continually generates a wealth of research for gendering politi- cal economy. In so far as empirical gender is compatible with orthodox methods, it is more acceptable and credible, which affords important strategic advantages.

By comparison, analytical gender entails a theoretical shift toward more constructivist and poststructuralist orientations, which (variously) accord a consti- tutive (not exclusive!) role to intersubjective meaning systems. This too has gen- erated rich resources for gendering political economy; it expands and deepens our inquiry, but also complicates it. In so far as gender operates as a governing code, criticising it disrupts foundational assumptions, orthodox methodologies and theoretical frameworks. This renders it less accessible and/or acceptable, and fuels resistance to these orientations and what are perceived to be their political implications. I argue, however, that, unless we shift our epistemological orien- tation, feminism’s most trenchant and transformative insights remain effectively invisible: neither accurately understood nor analytically comprehended. ‘Adding women/gender’ is essential, but an exclusive focus on doing so misses too much and denies us crucial – not coincidental – resources for analysing political economy.

My ‘rewriting’ of neoliberal globalisation provided an example of taking analytical gender seriously, showing how this adds to, reconfigures and transforms a ‘big picture’ analysis of today’s GPE. In abbreviated fashion I attempted to demonstrate the interdependence of the three (Foucauldian) economies: the co- constitution of culture and economy; the interaction of subjectivities, ideologies and practices; and the value of feminist and poststructuralist orientations. The overview also exposed how the cultural code of feminisation naturalises the econ- omic (material) devaluation of feminised work – work that is done both by women and men who are culturally, racially and economically marginalised. This advances the project of gendering political economy and improves our analy- sis of the GPE.

Understanding ‘feminisation as denigration’ exemplifies the transformative potential of studying gender analytically. On the one hand, we are no longer just referring to embodied individuals but to gender coding of constructs, cat- egories, subjectivities, objects, activities and institutionalised practices. Romanti- cism notwithstanding, the more any one of these is feminised, the more likely that its devaluation is assumed or ‘explained’. On the other hand, we are not simply talking about male-female relations or promoting the status of ‘women’. We

are, first, addressing the exploitation of all whose identities, labour and livelihoods are devalued by being feminised and, second, advancing the critical project of the- orising how hierarchies of race/ethnicity, gender, class and nation intersect. For scholars committed to new political economy and concerned with oppressive structural arrangements, these contributions alone warrant more serious engage- ment with gender. More generally, then, I argue that feminist work is not a digres- sion from nor supplement to conventional accounts; rather, it is an essential orientation for advancing our theory and practice of political economy.

## Geography

### Castree 04

#### Ch 6 and 7 read

#### Labor crisscrosses everything – no other ID ptx

Castree 04 [Noel Castree, Neil M. Coe, Kevin Ward and Michael Samers. “Spaces of Work: Global Capitalism and the Geographies of Labour.” SAGE Publications 2004] AJ

It is of the utmost importance to stress that we live in a world in which capitalist social relations are dominant, the rationale for production is profit, class and class inequalities do remain, and that wealth distribu- tion does matter. Ray Hudson, Producing Places (2001: 2)

Three billion individuals on this planet are wage labourers. They are employed by only 50 million business men and women worldwide. The wealthiest of these business people, like Bill Gates and Rupert Murdoch, command assets equivalent to those of several small coun- tries. By contrast, the people who work for them each command a miniscule fraction of the world’s wealth. What’s more, they must labour for some 65–80 per cent of their lives if they are to satisfy their everyday needs and wants. Their salaries help to sustain not just themselves but entire families and communities. These wage-workers are young and old, unskilled and skilled, male and female, able bod- ied and disabled, gay and straight, educated and uneducated, single and married, cohabitees and divorcees. They work in every conceiv- able economic sector, from farming to manufacturing to services. They exist in every place on this planet, from the most remote Chilean village to mighty cities like Los Angeles and Tokyo. Their pay and conditions of work vary enormously both within and between places, but they have one fundamental thing in common: they sell their capacity to work – their labour power – in return for money. Meanwhile, a staggering 160 million people – a number almost equivalent to the population of Brazil – are currently seeking paid employment. Furthermore, if this vast reserve army of the unemployed is not to grow even larger, some 500 million new paid jobs will have to be created worldwide by 2010. Without these new jobs, popula- tion growth will produce unprecedented levels of global, national and local unemployment (ILO, 2001). Finally, as if this were not enough, tens of millions of people are today uprooting themselves from their homeplaces and criss-crossing the globe in search of employment. Labour migration on this scale has not been seen since the turn of the last century and is unlikely to slow down in the near future.

This book is about the more than half of humanity that works – or is seeking to work – for a wage. It is written for degree students (and their teachers) in the social sciences taking courses on labour in the modern world. If not now, then in the future, this book is thereby about you the reader – just as it about us the authors: for students, like academics, must earn a living and they tend to do so by labouring for others in return for money. Indeed, so ‘normal’ has it become in the modern world for most people to offer themselves as wage-workers that it’s easy to forget what a relatively new norm this is. One can work for oneself; one can work for others but for non-monetary returns; and one can work with others in order to produce things that are not exchangeable for coins and notes. In some parts of the world – especially in the South – these forms of non-waged work persist, albeit as islands within a vast sea of paid labour. But the overwhelming reality of work in the twenty-first century is that it entails, in effect, ‘selling oneself’ to an employer for certain daily, weekly, monthly and yearly periods. Most of this paid labour goes on in workplaces sepa- rate from the home, though in a minority of cases the latter remains the main site of commodity production.

Another way of saying this is that we live in a distinctively capitalist world. Though capitalism is by no means new, as a way of producing goods and services it is, today, globally dominant. In capitalist economies, businesses large, medium and small make things with the overriding aim of making money – and more particularly profit. The logic of capitalism is thus not about, say, social equality, human hap- piness or environmental justice. These laudable things may now and then be a means to the end of making money or even its outcome, but in capitalist systems they are rarely ends in themselves. In this con- text workers are, in essence, one ‘factor of production’: their services are purchased by employers along with other ‘inputs’ in order to make commodities that can be distributed and then sold to consumers. According to Marxist and neo-Marxist theorists, this means that what- ever their other differences wage labourers together comprise a ‘work- ing class’. Globally, this working class is larger than at any point in human history. Certainly, it vastly outnumbers the ‘capitalist class’ that employs it in different workplaces worldwide. So why, it might be asked, do so many wage labourers worldwide work for a pittance in appalling conditions (be it immigrant female garment workers in New York or bonded child farm labourers in Pakistan)? Why is it that others, even when they enjoy better pay and conditions than the worst-off workers, can lose their jobs overnight? Why is it that some workers have to migrate afar simply in order to earn a living wage? And why do paid workers worldwide not unite in a mass movement to improve the circumstances under which all of them labour?

#### What all wage workers have in common

Confronted with this befuddling diversity, it may seem hard to identify what contemporary wage workers have in common – other than the already-stated fact that they all labour for money. But this fact hardly seems a sturdy enough basis on which to argue that under- standing the present and future of paid labourers’ daily existence worldwide can be brought within a common frame of analysis. We agree: it isn’t. But, if we stand back from the evident differences between and among workers then other deep-seated similarities start to become apparent.

These are simultaneously social and geographical. Socially, the fact of selling one’s labour power has a number of important implications for all workers. For instance, hours worked and wages earned (assum- ing a person is employed) have a direct impact on the reproduction of workers and their dependents. Reproduction is the daily process of feeding, clothing, sheltering and socializing people. As Peck (1996: 39) observes, production and reproduction ‘are both separated and connected’. Reproduction occurs principally in the home and the community. Without adequate non-work time and sufficient work- time renumeration, paid labourers of all stripes cannot sustain basic physical reproduction (that is the provision of sufficient food, shelter, clothing and warmth) or social reproduction (making friends, enjoy- ing leisure pursuits or receiving formal education or training, for example). Equally, when pay and conditions are good these two forms of reproduction can be easily and pleasurably undertaken. This is especially the case when the local and national state directly and sub- stantially supports reproduction, as in Jarrah Ahmed’s case. But equally, when wage-workers suffer poor pay and conditions or when they are unemployed (in the short term or long term), the state can have an important role to play in ensuring their physical and psy- chological survival. In the case of Jane McDonald and her husband, the ‘jobseeker’s allowance’ provided by the British ‘New Labour’ govern- ment will take some of the sting out of their job-loss, though Ruben Chacão, alas, will receive no relief from an over-stretched Brazilian state.

The link between paid work (production) and reproduction is just one of several social similarities in the situation of workers worldwide. But, as our five stories illustrate, we cannot understand these similar- ities in a non-geographical way. There are three key things to say here. First, all the workers in our stories live and work in place. For all the hoopla about living in a ‘global village’, the fact remains that all pro- duction (and indeed reproduction) has to occur somewhere: it remains deeply place-based. This is an intractable geographic necessity. The capitalist production of commodities – be they Dyson vacuum cleaners or soccer balls or new buildings or credit card services – must typically occur at fixed sites. For example, American Express may now be able to serve its domestic customers from India. But where Rajan Bhaskar’s boss is wrong is in implying that economic activity is today somehow free from the constraints of geography. Bombay is definitely not, for example, Boston. Indeed it’s precisely the differences between them that has led Amex to open a call centre in the former and close one it used to have in the latter. So most economic activity has a per- sistently local dimension to it. Part of the reason is because wage- workers cannot produce and reproduce on the move. Even in the twenty-first century, the average distance between home and work is but a few kilometres. Though migrant workers exceed this average, even they must still work somewhere – albeit distant from their home- place. So the reality of paid work, even in our shrinking globe, is one of different groups of workers living and labouring in ‘local worlds’ (Meegan, 1995) that are distant and distinct from one another.

This spatial division of labour can be added to the list of social dif- ferences between workers (of skill, pay, industry, gender, etc.) men- tioned above (we will discuss Doreen Massey’s famous analysis of this later in the book). Paradoxically, the fact that workers all share a local existence is something that differentiates them geographically. But there’s more going on than this, which brings us to the second geographical lesson we can learn from our stories. Workers in the twenty-first century are increasingly interdependent. That is, the actions or inactions of groups of workers in one place can have serious implica- tions for other groups of workers in other localities nationally, inter- nationally or globally. To be sure, not all workers are interdependent in the same ways, to the same degree or with the same consequences. But, as our examples show, modern wage-workers have to live with interdependence, like it or not. This ‘stretching’ of social relationships between place-based workers across a larger national and suprana- tional space takes many forms. In the case of Rajan and Jane it’s about relationships of inter-place competition producing winners and losers. In Ruben’s case, more subtly, it’s about workers in Western Europe purchasing soccer balls (for workers are also commodity con- sumers, let us not forget) that help, inadvertently, to perpetuate child labour in Brazil. In Jarrah’s case it’s about workers coming from one place to take up jobs in another that is far distant. And in the case of Terry, Bruce and Cees the international relationships forged are ones of cooperation and solidarity. So, in geographical terms, contem- porary wage-workers exist in a complex landscape of geographical differ- ence and geographical interdependence. This dialectic of place and space produces numerous dilemmas for working people. These are dilemmas of geographical scale – the third geographical lesson of our stories. Should workers think and act at the sub-local, local or the translocal scale? Should they accent their differences from workers in other places in order to defend local jobs? Or should they join together with distant others – as our three dockers did – in order to ‘up-scale’ loyal- ties and actions? If they do the latter then at what particular scale and with which other workers should they unite? These are momentous geographical questions that are at the heart of what it is to seek and retain paid work in our capitalist world. As we shall see, they admit of no easy answers.

#### Globalization theory is a miasma of conflicting and useless viewpoints – a starting point of global capitalism is better

Astute readers will have observed that the title of this book does not contain a word that has become de rigeur in most recent publications on workers worldwide: namely, globalization. As political theorist David Held and colleagues note in their pathbreaking book Global Transformations, this word ‘is in danger of becoming, if it has not already become, the cliché of our times: the big idea which encom- passes everything ... but which delivers little substantive insight into the contemporary human condition’ (Held et al., 1999: 1). We’re inclined to agree. Globalization has fast become a chaotic concept. To be sure, it captures something of the heightened extensity, intensity, velocity and impact of human social relations in the new millennium. But the term’s become ‘a miasma of conflicting viewpoints’ (Dicken et al., 2001: 89) and a battle-ground of rival interpretations. As Held et al. explain, there are at least three perspectives on the phenomena. ‘Hyperglobalists’, like management guru Kenichi Ohmae (1995), insist we’re living in a qualitatively new era marked by the ‘deep inte- gration’ of most places and peoples in globe-girdling sets of economic, financial and cultural relations. By contrast ‘sceptics’ – notably politi- cal economists Paul Hirst and Graeme Thompson (1996) – argue that we’re merely witnessing a new phase of an old phenomenon: that is, internationalization. Finally, ‘transformationalists’ like Anthony Giddens (1990) argue that globalizing tendencies are definitely afoot, but that they have not as yet, and may never, produce/d a perfectly integrated global economy, polity and society.

We have no desire to adjudicate between these conflicting view- points. There is evidence for all three, which is why the debates on globalization have now reached something of an impasse. Clearly, something is happening ‘out there’ and, equally clearly, it is of rele- vance to workers worldwide. But in our view, using the term globali- zation as an analytical device will not get us very far in understanding the socio-geographic condition of labour at this moment in history. Instead we prefer the older term ‘global capitalism’ – one which had greater currency among social scientists during from the 1960s until the late 1980s. In our view this concept cuts more deeply. It tells us what we really need to know about the world in which we live and labour. That this is a predominantly capitalist world seems to us indisputable. We use the term capitalism in the classical Marxist sense to refer to a mode of producing goods and services predicated on the principle of ‘accumulation for accumulation’s sake’. There’s scarcely a place on the planet where this mode of production does not have some purchase. Like Marx (1857: 43–4), we consider capitalism to be ‘the general light tingeing all other colours and modifying them in its general quality’. With the late-1980s collapse of state communism in the former USSR and Eastern bloc, this system of production arguably now has few, if any, serious economic rivals.

This does not mean that capitalism is ‘all there is’. Nor, in geo- graphical terms, does it mean that capitalism is globalized in the sense that someone like Ohmae might use this term. One of the arguments of this book is that however ‘global’ some social relationships have become, place difference, uneven geographical development and local specificity persist. ‘Global capitalism’ is really a multitude of ‘local capitalisms’ that are connected by flows of people, goods and information. These flows are by no means uniform and they have different implications in different geographic contexts. So by the term ‘global capitalism’ we mean to register the fact capitalism is today the ‘normal’ economic system worldwide without implying that is globalized in the sense of embroiling all places and countries equally and uniformly. Perhaps a better phrase to use, but for its inelegance, would be ‘translocal capitalism’, which signifies the distanciated but varied connections between a plethora of different places producing goods and services for profit. Some of these connections will be national, others international, and still others planetary in scale. So in cities like Milan or New York the latter will predominate, while in rural Nepal or the remote communities of Oman the connections are likely to be far less international and global.

While these are not exclusively economic connections, it is nonetheless precisely economic ties that in our view lie at the heart of things. The term globalization – which encompasses culture, politics, and even environment (see Held et al., 1990) – threatens to distract our attention from this important fact. Whatever real world changes the concept globalization describes, it remains the case that we live in a socio-geographic universe in which the rules of the game are dis- tinctively capitalist. Interestingly, the massive public demonstrations against the effects of globalization – starting with the disruption of the World Trade Organization meeting in Seattle in 1999 – have become known as ‘anti-capitalist’ protests. Indeed, in the UK the recent May Day protests beginning in London in 2000 have been called ‘carnivals against capitalism’. Within the capitalist universe the firm is the basic economic unit, the legal shell within which one or more workplaces produce, move, sell or maintain commodities or services. Together, firms comprise different economic sectors that, in turn, are the engine room of the capitalist economy. Our focus on capitalism does not implicate us in economic determinism: that is, the now discredited argument that the non-economic dimensions of our lives are subordinate ‘in the final instance’ to the economic one. Instead, we see capitalism as what Marx called a ‘mode of life’. This means that the production of commodities in pursuit of profit intrudes into so many seemingly disparate elements of our existence and so many institutions that it’s virtually impossible to understand the ‘non-economic’ domains in relative or absolute isolation. The capitalist and non-capitalist spheres mutually condition one another. We will see this numerous times on the pages that follow.

#### A2 Globalization = place doesn’t matter and a2 globalization is irresistible

The first myth is that we live in an increasingly ‘borderless world’ (Ohmae, 1990). This myth is particularly associated with those who wish to minimize restrictions on the movement of firms, reduce trade barriers and liberate financial flows. Globalization is often taken to mean that place matters less and less, what with the enhanced capa- city of businesses, finance and people to either move around the globe or else ‘collapse’ space through virtually instantaneous commu- nication technologies. As an ad by British Telecom once famously declared ‘Geography is history’. However, as we’ve already intimated in this chapter, the notion of a ‘placeless’ world is a fiction not a fact. No matter how mobile some firms are, no matter how free to migrate some workers might be, no matter how much communication advances have shrunk the globe, place still matters for production, reproduction and consumption. In short, even globalization ‘has to ground itself and be acted out in specific places’ (Merrifield, 1993: 520). A second, and related myth is that globalization is some irresistible force that stands over and above different places and peoples. This myth has been a particular favourite among big business and several leading politicians. The refrain of Dr Richard Hu (1997), once Singapore’s finance minister, is all too familiar: ‘... we have no choice but to open up and to compete in the world market to survive and prosper’ (quoted in Dicken, 1998: xiii). More recently, Neil Holloway, chairman of Microsoft UK, has echoed these sentiments: ‘Globali- zation’, he declared, ‘is going to happen and you can’t stop it. You have to go with the momentum’ (The Guardian, 6 April 2002). The imagery here is redolent of an incoming tide sweeping all before it: in short, one is told to go with the flow or else perish. It’s an imagery that implies that places and people have little control over their fates, other than to adapt to globalization and hope for the best.

#### A2 globalization = demise of nation state

The third myth is that globalization signals the demise of the nation-state. No longer able to insulate their citizens and economies from outside forces, the argument is that national states can only modify, but not manage or control, transnational flows of people, information and goods. This is a myth because it is only partly cor- rect, as we’ll show in Chapter 4. While it is probably true that the rel- ative powers of national states have altered in recent years, it is far too simplistic to talk of an absolute diminution of state power. Instead, there’s arguably been a process of re-scaling state power, both upwards and downwards (Jessop, 1993). On the one side, national states have frequently devolved powers down to the local level, given how impor- tant sub-national differences now are in attracting and retaining out- side investment. On the other side, though, the fact of heightened place-interdependence has produced the need for transnational state institutions to regulate spatial relations (a point we’ll explore in Chapter 4). If we add all this together, it’s probably more accurate to say that national states still do matter as regulatory bodies, but that they now function in a complex field of sub- and supra-national state power (Weiss, 1998).

#### A2 globalization = firm mobility

This brings us to the three remaining myths, which concern workers specifically. The first of these is the myth of worker vulnera- bility. As Piven and Cloward (2000: 413) put it, ‘Globalization seems to puncture a century old belief in worker power.’ Bolstered by a dubi- ous notion – the notion that firms are now hyper-mobile, while workers are hopelessly place-bound – this myth depicts globalization as a ‘race to the bottom’. Firms are seen as being increasingly able to ‘play-off’ workers one against the other in a geographical divide-and-rule strat- egy. Relatedly, because trade barriers have been reduced in recent years under the auspices of the World Trade Organization (among others), there’s a view afoot that workers worldwide are pitched into more open and intense relations of competition than ever before. Knowing that wage-workers in other places could produce goods more efficiently or cheaply, the idea is that globalization is forcing labour into so-called ‘concessionary bargaining’. In this scenario, employers can compel workers in one place to agree a slimmed-down package of pay, conditions and workplace rights by using the threat of firm closure or relocation. For Peck (1996: 240) this is a bleak world of beggar-thy-neighbour behaviour – a world of ‘hegemonic despotism’ (this last concept is discussed critically in Chapter 5).

#### A2 workers must up-scale

This brings us to the final myth, one that is found as much in the pro-worker literature as in the pro-business literature. In this myth, if workers are not to succumb to slash-and-burn globalization, then the suggestion is that they must ‘up-scale’ their actions to match the translocal forces that are undermining their well-being. In Turnbull’s (2000: 383) words, ‘Globalization often involves the image of ... work- ers ... being powerless in the fact of capital mobility unless they can themselves develop a global strategy in response.’ The idea here is that if workers in different places join together they can act to prevent firms or certain regulatory authorities playing them off against each other. To be sure, and as we’ll see in Chapter 8, recent years have wit- nessed some innovative experiments in connecting different workers in different localities within and between nation states (see Wills, 1998). These have been aided by the existence of international and global trade union organizations, like the International Confederation of Free Trade Unions (ICFTU). However, these translocal experiments notwithstanding, the idea that wage-workers must today upscale their struggles for better pay, conditions and rights is a myth for the fol- lowing reasons. To begin, it implies that locally-based worker actions are no longer necessary or sufficient. We argue otherwise, especially in Chapter 6. Additionally, this myth suggests that worker interests will normally be best served by joining with distant others elsewhere. Again, we argue that this is not necessarily so, since ‘interests’ are in fact scale-dependent rather than absolute. As Herod (2001: 6) rightly puts it, ‘“workers” interests may vary considerably depending upon the geographic context in which they find themselves’. Finally, the myth of up-scaling stakes workers’ futures on what is, in fact, an often painstaking task of constructing inter-place alliances. Just because worker interdependence is arguably at an all time high, it does not mean that inter-place worker solidarity will automatically emerge as a result.

#### Workers are pseudo commodities – implications

There are several key things that distinguish this mode of producing goods and services from others past and present. First, capitalism is fun- damentally growth orientated. Its goal is to generate more and more profits; all other ends are subordinate to this overriding one. Second, capitalism is an inherently competitive economic system. Within differ- ent economic sectors numerous firms constantly jostle to sell their com- modities to consumers. Only in oligopolistic sectors can firms moderate the chill winds of competition. Third, this competitive ethic sets up powerful incentives for businesses to innovate their products and pro- duction processes. If these can be made cheaper or better then firms stand to make more profits and beat out their economic rivals.

So growth, competition and innovation are the life-blood of capital- ism. It’s a profoundly dynamic, restless way of producing things. What has this got to do with labour? As the diagram above shows, labour is one input into the production process. It’s one means to the end of cap- ital accumulation. More specifically, it takes the form of a commodity. This is what distinguishes labourers within a capitalist system from those in non-capitalist systems. All commodities have a use-value (that is, a practical function) and an exchange-value (that is, a price). The use- value of labourers is their capacity to work – to perform workplace tasks at certain skill levels for certain periods of time – in return for which their employers remunerate them. Unlike, say slavery, a capitalist does not buy rights to the person but to the person’s capacity to work.

This brings us to the difference between capitalist wage labour and ‘true’ commodities. Most commodities are non-sentient. Be they

cars, computers or paper clips, they are typically material artefacts that can be made and disposed of as companies see fit. But labour is differ- ent: it is really a pseudo-commodity. As Michael Storper and Richard Walker (1989: 155) put it, ‘Labour differs fundamentally from real com- modities because it is embodied in living, conscious human beings ...’. This has three implications. First, it means that labourers are only tem- porarily commodities – except in those extreme and disturbing cases of bonded or indentured wage-workers (Bales, 1999). Each working day they assume the form of a commodity, but this does not alter the fact that they were not born and raised to be commodities. Wage-workers, because they are people and not tables or chairs, require happiness, sus- tenance, shelter, entertainment, good health and all the other ingredi- ents of a life. This means that, unlike most other inputs into capitalist production, they have irreducible needs and a plethora of wants (though these may not always be met in practice). Second, because wage labourers are physiologically and mentally complex beings capa- ble of independent thought and action – again, in contrast to most conventional commodities – they have agency. In the words of Ray Hudson (2001: 220), ‘Workers are active subjects, not passive objects ...’. That is, within certain constraints, they can determine how well, for how long and under what conditions they are willing to work for employers (the sociologist Anthony Giddens has famously theorized social agency; we discuss his idea in Chapter 6). Finally, this means that wage workers – yet again, unlike other commodities – necessarily enter into a social relationship with their employers. In Marxian par- lance, this is a class relationship, since workers’ pseudo-commodity status is what distinguishes them as a social group from the relative minority of capitalists who purchase their labour power. It is a rela- tionship that exists in the workplace and outside it, the combination of which defines the labour market: that is, the quantitative and quali- tative matching of labour supply with the demand for labour among employers. This matching can occur directly between workers and employers or via so-called ‘labour market intermediaries’ who act to match workers with employers.

Understanding labour’s distinctiveness as a commodity helps us to understand its special place in the capitalist production process. Labour is the only commodity input to production that employers cannot treat as an object. The employee–employer relation that develops because labour is embodied is simultaneously necessary and problematic, at once a requirement and an obstacle. Another way of saying this is to observe that the relationship between employers and actual or potential employees in capitalist societies is a co-dependent one of cooperation and conflict. The two are indissociable; they are sides of a coin. But why is this?

The reasons have everything to do with how the ‘rules’ of capi- talism position employers and employees differently in terms of their aims and objectives. Capitalists aim to make money: this is their raison d’être. From their perspective, workers are both a cost of produc- tion and a necessary input to production. Even today, wages are the high- est single cost for most businesses worldwide. Meanwhile, it is neither possible nor desirable to eliminate wage-workers from most production processes. Some production tasks – such as designing aircraft or build- ing houses – are either unamenable or only partly amenable to being done by machines, computers and the like. As Storper and Walker (1989: 160) argue, ‘Labor, as the [fundamental] factor in production ..., can never be entirely replaced’. In any case, at the aggregrate level, if all capitalists were to significantly reduce their labour forces then they would lose their biggest market: namely, ordinary consumers (since workers not only earn money but spend it too). For these reasons busi- nesses of all stripes require a sufficient number and calibre of workers both to undertake certain production tasks and to purchase commodi- ties as part of their (and their families’) reproduction.

Yet all this said, for individual firms operating in a competitive environment, it is ‘rational’ to pursue some or all of a range of strate- gies that are not necessarily in the interests of all employees. Some of these will be workplace strategies (see Box 2.1). One is cutting or holding- down wages; another is displacing existing workers with more cost- effective machinery or a more effective division of tasks within the firm; still another is to exercise maximum control and surveillance over the workforce so that it performs at the required standard for as much of each working day as is possible. Some strategies are associ- ated with adjusting the ‘boundaries’ of particular workplaces, either through the shifting of tasks to other workplaces within a firm, or through the outsourcing or subcontracting of tasks to workers in other firms. There are a variety of other strategies available, many of them pursued outside the workplace (such as groups of firms pressur- ing governments to reform labour laws in their interests). Together they comprise what Piven and Cloward (2000: 149) call the ‘power repertoires’ of capitalists. These vary between firms and economic sectors, as employers seek to get the most out of workers for the least cost (which is not necessarily to say cheaply). They come into play both when business is good (as in the Dyson case) and when it is not so good (as when the telecom giant Motorola suddenly laid off some 3,000 of its Scottish workers in mid-2001 because of oversupply in the European mobile phone market (The Guardian, 25 April 2001)). And they are undertaken by firms individually (as in the Dyson case) or collectively (for example through employer organizations like the UK Confederation of British Industry).

#### Having a living wage is a requirement for any labor and capitalist system

Again, the balance of pressure and support varies from case to case. But underlying this variable geometry of cooperation and con- flict, workers do share some common interests by virtue of where they are positioned within capitalism. Three loom large:

• Firstly they need at a minimum to earn a ‘living wage’. This is the remuneration required to enable basic physical and social repro- duction of workers and their dependents. The living wage varies over time and space because the cost of living does. As we’ll see in Chapter 6 living wage campaigns have occurred in a number of places, uniting workers with other local groups.

The question of workers’ dependents emphasizes the profound importance of seeking and securing paid employment in a capital- ist world. Without a salary neither workers nor their husbands, wives, lovers, children or other relatives have the means to live anything other than a meagre existence that may, in turn, under- mine their future employment prospects. Neither, for that matter, would the mass of retired workers with pensions have much of a living. The reason is that pensions are partly funded from current wages. And yet one of the ‘logics’ of capitalism is to generate short- and long-term unemployment! As already noted, either firing existing workers or hiring fewer future workers is often a rational strategy for businesses to pursue in order to survive and/or prosper in the short-to-medium term. So what we’re saying is that in capi- talist societies there’s a common thread uniting four social groups, only one of which works: namely, paid labourers, their depen- dents, retirees and the unemployed. To a greater or lesser degree, all are directly or indirectly dependent upon earning a living through the sale of labour power. If we revisit our earlier diagram it now looks something like this: [Diagram Omitted] where W is workers, D is non-working dependents, R is the retired and UE is the involuntary unemployed. These work/non-work links simply reinforce the point that paid labour is the glue that holds capitalist societies together.

#### It is in workers’ interests to maximize potential benefits

• Secondly over and above this basic dependence upon earning a salary, it is in workers’ interest to maximize all the potential bene- fits they can derive from their employment position. This is not just a question of improved wages, but also of rights (such as the right not to have to work long hours) and related non-monetary entitlements (like job training, company health care, etc.). The average employer is considerably wealthier than the average worker: after all, they appropriate the lion’s share of firm profits. When the ‘wealth gap’ between workers and employers becomes too stark, some form of protest among the former typically follows. Typically, the higher up the employment ladder workers are able to climb the more likely they are to extract a generous bundle of monetary rewards, work rights, and job entitlements from their employer. Why? Because workers who have high level or hard-to- find skills are, by definition, scarce pseudo-commodities. They can thus command superior pay and conditions, at least until and unless they are surplus to a firm’s requirements.

#### Workers are all dependent upon one another

Finally across the social division of labour mentioned earlier, workers are directly and indirectly dependent upon one another for their jobs. This is a second (‘horizontal’) bilateral relationship to add to the ‘vertical’ one workers have with their employers. To understand this inter-worker dependency, we can think of the cap- italist ‘system’ as comprised of millions of network relations between different units of production (Yeung, 1994). As Figure 1.3 illustrates, only the simplest of economic activities can avoid entraining numerous firms employing numerous workers. To quote Sayer and Walker (1992: 111):

... the economy can be divided into hundreds of thousands of pro- duction cells, and each of those cells takes inputs from many [work- places] ... and sends outputs in many directions; in a highly developed division of labour everything ultimately connects to everything else. Steel goes into drill bits, automobile frames and ball- bearings; ball-bearings are used in bicycles, automobiles and textile machinery; automobiles may, in turn, be used by pizza parlours, gar- deners and airline companies. This creates systems of nested and branched integration.

To simplify, workers are co-dependent on an intra-firm, inter-firm and final consumer basis. In the first case, the commodities pro- duced in one workplace within multi-plant companies (like TNCs) usually travel downstream to other parts of the firm. In the second case, inter-firm ties – such as subcontracting arrangements – involve similar highly integrated commodity flows. In the third case, and more indirectly, when workers act as everyday consumers they purchase commodities made by fellow workers they’ll likely never know or meet. In each of three cases, then, workers in one part of a network depend on others – acting as labour power or consumers – to process, assemble or purchase goods or services leaving their workplace.

#### Cap necessitates four contradictions of labor

The problem of labour incorporation

Men and women do not have children in order to fill slots in the labour market (or at least not usually). Capitalist firms thus do not have much control over the type and volume of labour supply or the willingness of potential workers to become actual workers. This is left to the vagaries of things irreducible to capitalist class relations, such as family values, state policies on childbirth, the size of the population, the nature of the education system (if one exists), and so on. If wage-work was the exception rather than the norm; if too few people were born; if only the over 40s were allowed to under- take paid work: if these and other constraints on labour supply applied then capitalist firms would confront major problems in incorporating a sufficient number and type of workers into the cap- italist system. Likewise, potential workers would have a hard time surviving unless non-capitalist ways of making a living were readily available.

The problem of labour allocation

As the five stories told at the start of Chapter 1 illustrate graphically, different types of labour need to be slotted into different firms and sectors of the capitalist economy. These variations of labour relate not just to the jobs performed or the skill levels required but also the social characteristics of the workers involved. From an employer’s perspec- tive, men rather than women, blacks rather than whites, gays rather than heterosexuals might be better doing some jobs. Thus, for capi- talists, in a perfect labour market the right types of workers would be matched to the right job categories – no more and no less than were required. However, as will be explained later, because firms have limited control over how workers are assigned social labels outside the labour market, allocation can be a problem. Even if it were not, in practice some groups of workers might not like being offered only

certain restricted kinds of employment opportunities. Additionally, because firms may over time alter their labour demands in response to competition, then the existing labour force available may not be of the right quality or quantity. Of course, this latter scenario is a problem for workers, who may face unemployment or the prospect of forced migration as a result.

The problem of labour control

The two problems discussed above are supply and demand problems. The third is a workplace issue. Workers are hired because of their per- ceived performance capacity, which is their potential to do certain jobs at a certain level for a certain wage for a given period of time. Whether this potential is realized to an employer’s satisfaction depends on a number of things: the complexity of the job; the degree of control exerted by employers in the workplace; the work ethic labourers have instilled from their schooling, family and friends; the legal rules governing how many hours labourers can work and under what conditions; the power of workers’ organizations (like trades unions) and so on. Though employers might, in an ideal world, want total control of the labour process they cannot achieve this. In part this is because workers often have the agency to demand some say in how long they work, for how much, and in what physical surround- ings – especially at the upper levels of the occupational ladder. But it’s also because many of the ingredients that go in to making potentially or actually ‘compliant’ and ‘productive’ workers are to be found out- side the workplace.

The problem of labour reproduction

The final problem is a short- and long-term labour supply problem. Employers need workers to be sufficiently happy and healthy for them to work well. They also need them to possess the required skills, aptitudes and attitudes to undertake their assigned jobs. All these things are influenced by what goes on in the reproductive spheres of home and community. As with the three problems already men- tioned, firms have only partial control over reproduction. Once workers leave the workplace they are ‘free’. It takes time, money and the non- paid labour of others (like family members) to reproduce workers day in and day out. Employers cannot on their own or together coordi- nate reproduction activities so as to get the desired outcome: that is, productive and appropriately qualified workers. Conversely, though

workers do not use their reproduction time simply in order to prepare themselves for work, they need the requisite bundle of reproduction activities and resources to enable them to gain and hold down a job. Yet even though they have more control over reproduction than employers, they are not able to perfectly dictate its rhythms. In any case, some reproduction activities simply contradict the demands of wage labour. Think, for example, of the worker who gets divorced but retains custody of his/her four young children. That worker must labour to support the children, yet may find the daily non-work time spent raising them so exhausting that his or her absenteeism from work increases. Finally, current wage-workers aside, there’s the neces- sity for the retired and the unemployed to reproduce themselves on a short- and long-term basis. If retirement incomes are inadequate or irregular, and if the unemployed suffer the combined effects of no income and few job prospects, then this can threaten the entire social fabric.

What conclusions can we draw from all this? The principal one is this: neither employers nor workers (nor the ancillary groups we’ve mentioned) can satisfy their individual and group interests within the confines of capitalism alone. Left to their own devices, the ‘rules’ of capitalism and the class relations intrinsic to it do not provide a suffi- cient means for the two major parties involved (and those indirectly involved) to realize their economic and other ambitions. In the absence of non-capitalist institutions and processes these rules and relations would, in fact, produce what labour sociologist Antonella Picchio (1992: 108) has called ‘continual and often lacerating con- flicts ...’. Quite simply, employers and workers would make demands on each other that neither, on their own, can deliver. At the same time, capitalism’s inherent tendency to generate short- and long-term unemployment would, left unchecked, produce a pool of deeply unhappy individuals and families. In other words, there simply cannot be a ‘pure’ market in selling, buying, using and firing labour power. The supply of, and demand for, wage labour, along with what goes on in the workplace, require two additional things. The first is a raft of non-capitalist institutions that can help to regulate labour incor- poration, allocation, control and reproduction. The principal institu- tion here is the state. The second is a raft of intra- and non-capitalist social relations and identities that help to differentiate and unify work- ers. These two things comprise – and complicate – the wider social context in which wage-workers sell their labour power (Figure 2.1). They serve to place limits on the dynamics of capitalism and class relations, while cleaving the apparently coherent interests of employers, workers, dependents, retirees and the unemployed. Together, as we will see in the remaining sections of the chapter, they can serve to enhance or hinder the power repertoires that employers and workers can deploy in their interactions within and beyond the workplace.

#### Role of state in regulating business

The state is the most powerful regulator of economic activity in capi- talist societies. According to Marxist and neo-Marxist state theorists like Hudson (2001: Chapter 3), it both internalizes and seeks to man- age the contradictions of capital accumulation. To perform this man- agerial role the state must be formally independent from the economy. It cannot be seen to ‘side’ with any one economic group at the expense of another. Yet, at the same time, the state cannot be substantively inde- pendent, a ‘political’ domain somehow detached from capital accu- mulation and class relations. In effect, the state is a ‘relatively autonomous ... “mediating” agency’ (Hudson, 2000: 50). It seeks to balance the needs and wants of capitalist firms and the needs and wants of wage-workers, their dependents, the retired, and the unem- ployed. In so doing, its two principal functions are, first, to ensure the material conditions are right for continued economic growth (an accu- mulation function) and, second, to prevent widespread discontent about the capitalist system (a legitimation function) (Habermas, 1976). In this sub-section we consider the state–business relationship. In the next two we look at state (and non-state) regulation of those depend- ing directly or indirectly on the sale of labour power.

Hudson (2001), summarizing over 20 years of Marxian theorizing about the capitalist state, argues that it takes on two related roles vis-à-vis firms and, by implication, the economy they collectively constitute. First, the state sets what he calls framework conditions. These are sets of formal rules and regulations that place limits on what firms can and cannot do – both in relation to each other and to their workforces. If you like, they are the political parameters within which employers must operate. Company laws, labour laws and pension rules are especially important here, and are devised through negotia- tion with workers, employers and others. These laws uphold com- pany, worker, non-worker and retiree rights, while preventing the worst excesses of firm behaviour – such as, for example, employing under-age workers or undermining competition through monopolis- tic practices. To be effective, of course, framework conditions must be enforceable, and weak states that are low on resources and authority may be unable to achieve this.

First, states can intervene in firm behaviour more overtly. As Hudson argues, this has two aspects. The first is direct provision of economically necessary goods and services. Collectively, firms require things that they are unable to provide individually. Good examples are extended transport networks, power systems, water supply networks, liveable environments and education systems. Though it’s not impos- sible for groups of businesses to produce these major goods and services for society as a whole, the state has the resources – through general taxation, for example – and possesses the overall responsibility to provide at least some of these ‘public services’. ‘Public sector’ bodies like Britain’s National Health Service and the United State’s Environmental Protection Agency usually run these services. Second, states also seek to directly influence the volume and type of firm activity within the economy. They do this at the macro-economic level by con- trolling things like money supply, interest and exchange rates, customs duties, and taxation. But they also do it at the micro-economic level by, for example, building purpose-made facilities for particular firms, offering certain industries tax breaks, or establishing a free advisory service for business start-ups. Again, specific state institutions may take responsibility for delivering these various regulatory mechanisms.

Quasi-state bodies can be involved in all of these state activities. Many of these bodies are not directly elected by the general public and yet can be very powerful. These are institutions set up by the state and given varying degrees of autonomy in their actions, which may operate at the subnational, national or international scales. There are several interrelated reasons as to why quasi-state bodies may be estab- lished. First, their formation may simply be a means for states to act in ways they could not otherwise. For example, the WTO allows states to act together to regulate international trade. Second, their estab- lishment may reflect attempts to give certain non-elected groups within society – such as businesses or civil society institutions – a greater role in decision-making and regulatory practices. In the UK, for example, over the last 20 years there has been increased private sector involvement in areas such as urban regeneration and workforce training. Third, they may be established to circumvent or challenge existing regulatory institutions or practices that are not achieving the required results. For instance, an urban regeneration body may be given powers that supersede those previously held by local govern- ment. Fourth, quasi-state bodies may be created to try and ‘de-politicize’ certain forms of regulatory activity where direct state intervention is deemed inappropriate or undesirable. The regulation of certain sectors dominated by a few large firms may be devolved to a quasi-state body, for example, so that the state is not seen to be allying with individual companies when taking regulatory decisions.

#### Role of state in regulating wage workers

Just as the state is the major regulatory institution for business so too is it the principal regulator of potential, actual and former wage-workers. This has four dimensions. In the first place, the state is a major employer, especially in Western countries that possess the most elabo- rate state apparatuses. A staggering 300 million workers are currently employed in state institutions worldwide. In Britain alone the state spent some £96 billion in 2000 on its employees (GMB, 2002). Of course, these workers are not guaranteed special rights and rewards simply because they are public rather than private sector workers. But they are often shielded from the rigours of the capitalist labour market, especially if they are employed in essential state institutions like the police force, the education system or the fire service. Second, in the private sector, the setting of framework conditions and the two forms of direct intervention identified by Hudson clearly affect the level, type and quality of employment economy wide. An important element of this for workers is the way the state guarantees (or fails to guarantee) basic employment rights and entitlements in both the public and private sectors. Third, outside the workplace, as Gough (2001: 27) observes, the state takes responsibility for particular aspects of worker reproduction that would be poorly achieved without state intervention. Just as capitalist firms together require infrastructural goods and services they would be hard pushed to deliver without state assistance, so too do workers have reproduction requirements that the state is uniquely placed to satisfy. Three of these loom large: health care, housing and job training. None are cheap for workers to acquire. In each case, economies of scale are achieved when these are provided to many workers by the state simultaneously. Finally, the state is the major regulator of migration flows, especially across international bor- ders. National states can directly control the number and timing of outside immigrants, unless circumstances or a lack of resources dictate otherwise. Again, quasi-state bodies can have an important regulatory role to play in each of the four cases.

#### Regulation cannot fully resolve capitalist contradictions

In sum, the social regulation of the employer–employee nexus in capitalist societies is a complex, multi-institutional affair in which the state plays a leading role (Figure 2.4). But it’s also an imperfect affair. Social regulation is an art rather than a science. It is prone to hiccups and failures. There are three reasons why. First, social regulation can only manage but never eliminate the contradictions of capitalist soci- eties. Second, the sheer number and variety of regulatory objects means that no one body can somehow ‘oversee’ regulation. Finally, the fact that regulatory institutions must manage people, rather than physical objects, means that there’s also likely to be gaps between reg- ulatory aims and outcomes. Thus firms might not like the level of company taxation, workers might disagree with prevailing employ- ment laws, the unemployed might protest over their benefit levels and so on. In extreme cases, the state, as the leading regulatory institu- tion, might face a combination of ‘rationality’, ‘legitimation’ and ‘fis- cal’ crises (Habermas, 1976; O’Connor, 1973). The former occurs where the state is unable to keep economic growth on an even foot- ing; the second occurs where intra-economy or economy-wide decline calls the legitimacy of the capitalist way of life into question among large sections of the public; and fiscal crises occur where the state itself, dependent as it is upon tax revenues and investments drawn from the private sector, suffers the knock-on effects of economic cri- sis. These three crises can occur at a variety of geographical scales and involve local, national or supranational state bodies. They can also occur economy-wide or, less dramatically, within certain specific sec- tors of the economy, workforce and state.

#### Divisions of labor fragment the class

Occupations and class fractions Together, the social and technical divi- sion of labour within capitalism fragments employers and workers both ‘in’ and ‘for’ themselves. This fragmentation has knock-on effects in the household, since dependents typically have an interest in their ‘breadwinner/s’ defending and improving their specific occu- pations. Sociologists of class have for years been trying to make sense of these so-called ‘class fractions’ within the wider two-class structure of capitalist societies (see, for example, Wright, 1985). So numerous and shifting are these intra-class differences that it’s probably impos- sible to devise a taxonomy that would adequately capture them. But the point is that however we classify them they matter, both objec- tively and subjectively. In objective terms there is a world of material difference between, say, a low-paid part-time factory cleaner and a McKinsey and Co. management consultant. Not only do they per- form vastly different jobs requiring different abilities, but the latter’s salary can buy them a lifestyle the former could only dream of. Then, subjectively, it’s a well-established sociological fact that people’s sense of personal identity is deeply bound-up with their occupations (McDowell, 2003). People in part define themselves (and others) by what they do. How they define themselves through their work and what this means for them is shaped by issues of gender, ethnicity, and so on (Pollert, 1981). Moreover, this has social status implications. Thus, in a given workplace, managers might consider themselves to be of a ‘higher’ social rank than those they manage – despite their shared situation as employees. Likewise, the owner of a small ‘clean technology’ firm – producing solar panels, say – might consider his/her occupation more ‘respectable’ than that of the CEO of a ‘dirty tech- nology’ firm (like a coal and oil company).

#### Segmentation of labor is systematic and places barriers between workers

These contours are all about what labour market theorists call seg- mentation. As one so-called ‘segmentation theorist’ has put it, ‘What distinguishes segmentation from mere division is that each segment functions according to different rules’ (Michon, 1987: 25). In essence, different individuals and groups sell and deploy their labour power in various ‘sub-worlds of work’ within the wider universe of capitalism. Movement between these worlds can be quite difficult for workers, who tend to be channelled into different labour market and work- place segments. This segmentation process is the combined effect of three things (Peck, 1995: Chapter 3; Storper and Walker, 1989: Chapter 6): specifically, segmentation of labour supply, labour demand and of workplace activities.

• Segmentation of labour demand: there is enormous variability in the quantity and quality of labour power sought by different firms. The technical specifics of each productive process generate fine- grained variations in demand for varying numbers of workers with specific characteristics. In all cases, as we’ve seen, employers seek to balance their desire to exert workplace control with the need for workers to cooperate. This generates ‘labour queues’ (Thurow, 1975). Here, employers rank different groups of workers coming to

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the labour market as to their likely ‘goodness of fit’ with specific occupations. In Storper and Walker’s (1989: 167) words, ‘Lacking information on individual workers, they must use indirect indica- tors. ... [E]mployers try to identify background characteristics that are good predictors: educational level, for example, may indicate an ability to absorb training ...’. Not surprisingly, when ranking poten- tial workers in this way, employers resort to using conventional cat- egories of social difference as proxies for any individual’s suitability for a particular job. It’s no surprise that those individuals whose gen- der, sexual preference, ethnicity, religion, etc. make them vulnerable to social discrimination also face labour market discrimination.

• Segmentation in workplaces: of course, having been ranked by employers even before securing employment, once in the workplace labourers may find it even harder to break out of the occupational segment to which they’ve been assigned. Many occupations do not have ‘career ladders’ attached to them: that is, possibilities for pro- motion and progression. Other jobs require such low or specific skills that those who undertake them find it hard to move into different or better occupations. This form of segmentation results from the com- bined effects of technical and social divisions of labour. Because of the combined effects of pre- and in-work segmentation, employers are thus able to place metaphorical ‘walls’ between workers.

• Segmentation of labour supply: as noted earlier, the supply and reproduction of workers is largely beyond the control of firms. But the combined effect of the family, the education and training system, the various institutions of civil society, the conventional non-class axes of social difference, and so on is to sharply segment the supply of labour. Thus, in those many instances where men expect women to undertake the lion’s share of domestic work and childrearing, those women are unlikely to take on full-time wage work, however much they might want to. Somewhat differently, because children internalize the values and aspirations of their par- ents, they frequently perpetuate them. Thus, as sociologist Paul Willis (1977) famously showed in Learning to Labour, the reason lower-working-class children usually end up doing lower-working- class jobs is because – like their parents – they were unwilling and unable to access educational opportunities that would break the cycle of low pay and low aspirations.

When combined, the segmentation of labour demand, labour supply and workplace activities allow us to make sense of the fault-lines within the labour force (Figure 2.5). These fault lines are arguably systematic, rather than shifting, within and among countries world- wide. We can thus talk about structured differences in job type, occupa- tional mobility, promotion prospects, salaries, working conditions

and non-salary benefits for different groups of workers. To hazard a generalization, we can distinguish ‘primary’, ‘secondary’ and ‘tertiary’ labour markets, each with their own distinctive worker groupings. The former involve ‘core jobs’ that are full-time, well-paid, self- directed and relatively secure, requiring well- or highly-educated and skilled workers; secondary labour markets involve full-time, medium- to-poorly paid, moderately self-directed and relatively secure jobs, requiring only moderately educated and skilled workers; finally, ter- tiary labour markets involve temporary or otherwise irregular jobs that are poorly paid, prescribed and very insecure, requiring workers who are poorly educated, unskilled, and socially marginal. Each of the three labour markets can, in turn, be divided into submarkets (Figure 2.6). Additionally, across the trio we can identify internal and external labour markets. The former are ‘sheltered’ markets where workers are hired and promoted from a pool of existing workers within a firm or sector. The latter are more ‘open’ markets where workers from outside a firm or sector compete for a position within it.

Segmentation is thus a pervasive dimension of the purchase, sale and use of labour in capitalist societies. It lends a certain order to the diversity and fragmentation of workers. More importantly, it places real barriers between workers. In both an objective and subjective sense, then, the particular employment segment workers find them- selves in structures their working lives. Switching between – and some- times even within – different segments then becomes quite difficult, especially in the primary and secondary labour markets. As Harvey (1985a: 136) once put it, ‘shoemakers cannot instantaneously become scientists and it would be a very talented road mender indeed who could switch easily into teaching as conditions dictate’.

#### Places have ontological importance and here’s how we should conceputalize spaces

We begin by considering both the nature and the enduring ontologi- cal importance of place. By place we mean the scale of everyday life: the scale of cities, towns and communities. Geographer Tim Cresswell (1999: 226) has observed that ‘place is ... a term which eludes easy definition’ (see Staehli, 2003). At its simplest, it means two familiar things: first, a distinct point on the earth’s surface; and second, the local scale (hence the interchangeability of the terms ‘local’ and ‘place’ in the previous paragraph). The linked notion of locality cap- tures this double-sense of how people, institutions and things ‘come together’ in unique ways in different locations to create a plethora of places that are more-or-less distant from one another. Places are not given in nature. Rather, they are socially constructed. Though condi- tioned by local environmental circumstances, places are the product of myriad human practices. It’s the sedimentation of these practices over time that lends these places their distinctiveness.

Even in the supposedly ‘frictionless’ world of the new millen- nium, what Cox and Mair (1989) once called ‘locality dependence’ looms large. This term describes social relationships, regulations and institutions that have a very high degree of local embeddedness. They are either exclusively local or partly local. As Cox (1998: 2) puts it, ‘people depend [upon them] ... for the realization of essential

interests and ... there is no substitute [for them] elsewhere; they define place-specific conditions for [people’s] material well-being.’ Locality dependence means that the principal social relationship of capitalist societies, that of class, is really a set of place-specific class rela- tionships between firms and labourers, mediated by regulatory institu- tions. In keeping with our discussion of class in Chapter 2, these relationships involve different sets of ‘internal’ and ‘external’ axes of social difference among workers and employers coming together in unique ways in different places. Places are thus complex ensembles of workers, dependents, retirees, the unemployed, firms and institutions that are built-up and variable over time. They possess what Harvey (1985b: 139) has called a ‘structured coherence’. Though composed of multiple people, businesses, organizations and built environments, there’s a certain order to this place complexity. Places take shape through what sociologists call the ‘routinization’ of the relationships between local actors and institutions. These actors and institutions must be able to ensure some regularity to their interactions. Otherwise, daily life would be chaotic or anarchic: neither production, reproduc- tion nor consumption – the lifeblood of existence – would be possible.

Relatedly, we must also recognize that this patterning of everyday activities in place has a profoundly subjective and affective dimension. Places are where people – workers and employers, the unemployed and the retired, dependents young and old – live. It is sometimes said by Marxist theorists that people living in places are primarily interested in the ‘use value’ of these places, while theorists of a more hermeneutic bent emphasize their emotional value. Use values are all the practical benefits that the infrastructure of a place yields, while emotional values are the equally real, if less tangible, benefits deriving from people’s attachment to where they live. Place gives meaning to people, and people give meanings to places. If they didn’t develop attach- ments to place or if they didn’t care about what happens to their home place, it would be as if people lived and worked on an isotropic plain. Accordingly, different places possess their own genre de vie, or what cul- tural critic Raymond Williams (1975) once evocatively called ‘struc- tures of feeling’. These affective ties can unite some or all local actors and institutions in joint commitments to the place where they com- monly reside (as we shall see in Chapter 6).

Conceptualizing place

So place, in both an objective and subjective sense, remains of ontological importance in the contemporary world. Places are both

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material arenas for the conduct of everyday life and loci for the development of local identities and loyalties. But this raises a key question: namely, how should we conceptualize places in the twenty-first century? It’s often thought that what makes a place is what goes on within it. However, there are two problems with this common-sense conception of place. First, it implies that there are distinct boundaries between the ‘local’ and the ‘non-local’. This is what Phil Crang (1999: 27), in a review of place concepts, calls a ‘mosaic view’ that is desper- ately outdated. From this perspective, places are like discrete pieces of a larger geographical mosaic, such that the ‘insides’ and ‘outsides’ of places are readily apparent. Second, it is increasingly obvious that we live in a world where places are not only interconnected but also inter- dependent. This is one of the things the term ‘globalization’ has sought to capture. The implication is that what makes a place has everything to do with ‘distanciated’ events, processes and institutions stretched- out over a larger space. It is no longer correct to assume that what is geographically juxtaposed is more important than what is geographi- cally separated. Instead, geographical presence and absence co-mingle in varying ways.

If we take these two points together, we begin to see places less as bounded areas within a larger space of interconnections and interde- pendencies, but as the meeting-place of bundles of ‘local’ and ‘non- local’ events, processes and institutions. The geographer Doreen Massey has arguably done most to popularize this relational view of place. In her words, we now need to conceptualize places as ‘particu- lar articulations of ... social relations, including local relations ‘within’ the place and those many connections which stretch beyond it. And all of these [are] embedded in complex, layered histories. This is place as open, porous, hybrid ...’ (Massey, 1999: 22). Here, then, space and place are seen to melt into one another. Though one can distinguish them theoretically, in practice they interfuse. To quote Massey (1995a: 54) once more: ‘social relations have become so stretched out ... that it is difficult any more to distinguish within social space any coherent areas which might be called places ...’

This conception of places as permeable has three of important implications and advantages. First, it shows us that it’s misguided to look solely ‘within’ a place if we’re to understand what locally situ- ated workers, firms and institutions are up to and what the effects of their actions are. A simple way to illustrate this is to consider the activity spaces of any given worker (Figure 3.1). For example, in our case, we all live within 12 km of our place of employment. But our production, reproduction and consumption activities – in the short and long term – implicate us in a far-flung geography that easily escapes the confines of the office in which these words are being typed. So places are increasingly not just local: they are what Marxist geographer Erik Swyngedouw (1989) memorably called ‘glocal’. By coining this neologism, Swyngedouw seeks to stress that the non- local is increasingly in the local.

Second, though, this first point leads to an apparent paradox. If what makes places is not simply internal to them, and if we’re argu- ing that places are unique combinations of people, institutions and firms, then how can uniqueness persist when places are increasingly influenced by ‘outside’ forces? In other words, how can place differ- ences persist not despite, but because of, heightened place intercon- nections? – which is what a relational view of place suggests is happening. The answer is as follows. Translocal interconnections, whereby commodities, people, information and images criss-cross the

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globe, may indeed be linking more places than ever. This fact of different places becoming swept-up in similar economic, political and cultural flows is, of course, one thing the concept of globalization directs our attention to. The spread of McDonalds fast-food outlets has, perhaps, become the classic example of this heightened place interconnection. But this does not necessarily mean that places worldwide are becoming more alike. The point, following Massey, is that ‘non-local’ processes combine with existing local differences to yield unique outcomes. Places ‘internalize’ these processes in distinc- tive ways, which is why place interconnection does not imply increas- ing homogeneity among places.

This internalization arises in part because locally-based actors and institutions of all stripes have varying degrees of choice as to how to respond to outside forces. But local differences also arise because not all places are connected in the same way. Rather, different places are ‘wired-in’ to different sets of wider relations and connections. They are what Amin (2002: 391) calls ‘nodes in relational settings’. For exam- ple, for towns lying in the hinterland of a world city, the nature of place may be greatly influenced by the daily rhythms of commuting. For financial districts in the world cities themselves, the very essence of place depends on the long distance transfers of capital and knowl- edge that constitute the global financial system. For cocoa growing areas in West Africa, connections to the chocolate markets of Western Europe are critical, and so on. Of course, in reality, a complex inter- mingling of myriad local and extra-local connections determine the nature of most places.

Third and finally, seeing places as open and porous allows us to understand why they are not simply different from one another but unevenly and causally related. This brings us back to an important dis- tinction made above between place interconnection and place inter- dependency. The former term merely states that places are somehow interrelated in the early twenty-first century. The latter term, however, is more precise and meaningful: it implies that the very nature and fortunes of places are bound up with what is happening elsewhere. Think again of the Malmesbury-Malaysia example involving Dyson, mentioned in Chapter 1. It’s precisely the place differences that have impelled Dyson to abandon production in the former locality. But the two places are directly co-dependent because new investment in the latter spells severe job losses in Malmesbury, despite them being thou- sands of kilometres apart. So, there’s an element of mutual determi- nation in place relationships, which both stems from and alters existing place differences. As John Allen and Chris Hamnett (1995: 235)

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have put it, ‘the networks of social relations stretched across space are not simply uneven in their [geographical] ... reach, they also work through [place] diversity and difference. Geography matters in this instance, precisely because [place] relations construct uneven- ness in their wake and operate through the pattern of uneven devel- opment laid down’ (first emphasis added). Uneven geographical development – in terms of everything from the average cost and standard of living to the average skill level of workers – is thus both a precondition and a cause of place interdependency in the con- temporary world. Place inter-dependence, in other words, produces ‘winners’ and ‘losers’.

In sum, twenty-first-century places tend to be open and interde- pendent, yet without losing any of their individuality and unique- ness. The fate of places is thus only partly in the hands of those who inhabit them. Though the word ‘place’ traditionally conjures up images of a relatively fixed and settled community, it’s increasingly clear that in a capitalist world places are dynamic and ever-changing. To adapt a phrase from Marx and Engels’ Communist Manifesto (1853), the solidity of places constantly melts into air. The once prosperous steel-making town can thus become today’s unemployment blackspot, while yesterday’s sleepy university city can become tomor- row’s hi-tech growth pole. Quite simply, the rise and fall of places is a fact of capitalist life.

#### Place matters to workers 7 warrants

Everyday life in a capitalist world, we are arguing, is simultaneously local (placed) and translocal (spaced). In this and the subsequent sections of the chapter we take each domain in turn. We begin by explaining something that was merely asserted in the previous section: namely, that wage-work and wage-workers are necessarily local. In our view, place forms the immediate objective and subjective arena in which all virtually all paid work is undertaken today. As two of the foremost geographical analysts of workers have put it, ‘Although the world is increasingly well-connected, we must hold this in balance with the observation that most people lead intensely local lives: their homes, workplaces, recreation, shopping, friends and other family are all located within a relatively small orbit’ (Pratt and Hanson, 1994: 25). Why, then, in our supposedly globalized world,

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are workers unavoidably place-based? It seems to us that there are seven reasons:

• First, most workers have neither the time nor the resources to travel far to where they work. Even in the advanced capitalist economies, the average person travels just 25 km per day (Holloway and Hubbard, 2001: 27), while elsewhere in the world the figure is nearer 5 km. As David Harvey (1989: 19) once put it with disarming simplicity, ‘Labour-power has to go home every night.’

• Second, virtually all production activities are necessarily local. Only ‘mobile’ businesses – like air travel – involve labour ‘working on the move’. For the vast majority of paid workers, production occurs at fixed sites. This is true even for the employees of the largest TNCs, like Microsoft or General Motors. Though these firms are relatively more mobile than most small and medium sized busi- nesses, they must still combine labour, materials and technology in workplaces. Without this physical anchor, commodity production would simply be impossible.

• Third, the reproduction of labour is also necessarily local. To borrow Storper and Walker’s (1989: 157) felicitous words,

It takes time and spatial propinquity for the central institutions of daily life – family, church, clubs, schools, sports teams, local unions, etc. – to take shape ... Once established, these outlive individual participants to benefit, and be sustained by, generations of workers. The result is a fabric of distinctive, lasting local communities ... woven into the landscape of labour.

• Fourth, as part of reproduction, we noted in the last chapter that workers are not just commodity producers but commodity con- sumers. Without the purchase, use and subsequent purchase of commodities capitalism would grind to a halt. This has a place dimension because consumption is necessarily local for most people most of the time. A physical location is required to both sell and consume commodities, however far away those commodities may have been made and transported. Moreover, certain con- sumption practices take on a distinctly local character. For instance, eating sushi has become a new lifestyle favourite among urban professionals in English-speaking countries, while owning a BMW or Mercedes car in Singapore is a marker of real distinction.

• In the fifth place, for the four reasons stated above, the regulation of workers is locally expressed. Even where the regulatory institu- tions are national or international, the fact of workers’ local exis- tence means these institutions’ regulatory mechanisms must ultimately be articulated at the local scale. For example, most

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trades unions are principally national organizations. However, they are nonetheless constituted by myriad local memberships that, together, make-up the national union. In turn, any actions taken by the national union leaders on the local memberships’ behalf must ultimately be agreed to and acted upon by this mem- bership (we take up the issue of non-local scales later in the chapter).

• Sixth, in light of the above it’s plain to see why labour markets are necessarily local. The sale and purchase of wage-workers occurs in conditions where labour and employers are place-based, while reg- ulatory institutions must find local expression if they are to influ- ence the employer – employee nexus. Since the exact bundle of workers, employers and institutions is unlikely to be the same from place to place, we can thus say that labour markets are locally con- stituted (Peck, 1996: Chapter 4): they ‘operate in different ways in different places’ (ibid: 86).

• Finally, because labour is not like other commodities it has the capacity to develop place attachments. The most articulated form of these attachments are place identities. The term ‘home place’ connotes something of this insistently local dimension to many people’s sense of themselves. Places become the locus of familiar- ity, affection and even love. The well-known sites and smells, the daily routines, the ever-present landmarks, the enduring friend- ships, the family ties: even today, these remain overwhelmingly local. What’s more, this sense of being from a place – of place some- how being part of oneself – is hardly exclusive to workers. Employers too develop deep place attachments, for they must also live somewhere. Likewise, those who do not undertake paid work – especially children and the elderly – are often confined to highly localized activity spaces because their mobility is restricted. These local (and sub-local) spaces become the primary ‘experiential con- texts’ of these groups.

In short, there is a certain ‘stickiness’ to workers, even at a time when the mobility of people, business and commodities is seemingly at an all time high. This said, labour migrants clearly have routes rather than simply roots. That is, they voluntarily or involuntarily move over wider spaces in order to access employment opportunities. As we will see in Chapter 7 this mobility – however unwanted or stressful it might be for the workers involved – can be seen as a way to escape the confines of labour’s placed-based existence. Indeed, labour migrants show that while wage-workers are typically place-based they are not necessarily place-bound. However, this fact notwithstanding, even migrants cannot ultimately escape the pull of place. In simple terms,

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they always migrate to a place having travelled from another. Moreover, if they are supporting dependents back in their home place then this exerts an enduring, material influence on their daily lives, even in their new place of work.

To summarize, despite all the hype about living in a ‘global village’, wage-workers exist in multiple ‘local worlds’ that are geo- graphically separated (though not isolated). Even in the twenty-first century, the daily journey to work remains local, the reproduction of workers remains place-based, commodity production and consump- tion remains locally embedded, and the regulation of workers and employers is locally expressed. Meanwhile, the character of places is written into the identities of those who are born and raised in them, and sometimes into the identities of those who move permanently to new ones.

#### Sub local fragmentation is occupational (based on job) and geographical (poor districts, slums)

What the previous sub-section shows is that wage-workers are geo- graphically differentiated among localities. They live, learn and labour in different places within multiple nation-states worldwide. This geo- graphical differentiation adds a further layer of division and com- plexity to the social differences between workers explored in the latter part of the previous chapter. It’s what we call the spatial division of labour (as mentioned on p. 8): that is, the way the social division of labour is expressed territorially. But we can take things even further. Though we implied it above, it is wrong to think that different places possess relatively homogenous – or at least similar – groups of wage- workers in each of them. True, so-called ‘single industry’ communities or ‘company towns’ do have especially non-diverse working popula- tions. The classic examples are the former coal mining communities of Appalachia or Northern England. But many – indeed, perhaps most – places consist of several groups of workers who labour, reproduce and consume under rather different conditions. In short, we need to appreciate the divisions between workers within place, even when those workers share a common attachment to the place in question. If you like, there are ‘sub-local worlds’ of existence within the ‘local world’ of a given place.

The fault lines of labour market segmentation described towards the end of Chapter 2 clearly run through, as well as between, differ- ent places. There are important differences between workers within places regarding attributes such as skills, gender, ethnicity and age, but also in terms of their attachment to place, seen both in socio-cultural

terms and also through different levels of mobility within the housing market. Sub-local segmentation is often at once both occupational and geographical. Certain groups can become ‘geographically entrapped’ within certain districts. Unskilled low income workers, for example, are more likely to change their job than their residential location. They are also less able to bear the costs of daily travel to dis- tant districts, limiting the range of employment opportunities avail- able to them. Where no suitable employment opportunities are in reach, pockets of unemployment may develop. Women in many places share some of these difficulties due to their need to balance paid work and non-paid domestic and caring responsibilities (McDowell, 2001) (Figure 3.2 and Box 3.1). On the other hand, highly paid workers not only have the financial means to travel greater dis- tances, but also to shift residential location. In some instances this will involve relocating to another locality. Places, then, are internally ‘balkanized’ with workers differentiated in terms of where they live, where they work, and their potential mobility between the two are- nas. The nature of the housing systems often exacerbates balkaniza- tion both in terms of where particular types of housing are situated, and the mechanisms through which the stock is allocated. One only has to think of a typical city and the differences between the inner city and suburbs to see these processes of segregation in action. In some instances, such is the effectiveness of this social and sub-local segmentation that different groups may never – or only rarely – come together while living and working in the same place. In summary, as Martin (2001: 461) cogently describes, the labour market of a particular place is:

a complex assemblage of segmented submarkets, each having its own geographies, its own employment and wage processes ... an assem- blage of non-competing submarkets which, nevertheless, are linked together to varying extents via direct and indirect webs of local eco- nomic dependency and exchange.

Of course, the range of submarkets will vary significantly from place to place depending on the economic complexity of the localities in question. While a resource industry town in northern British Columbia may only exhibit a handful of segments, a large cos- mopolitan city such as Vancouver will be made up of a plethora of more or less connected submarkets. A key determinant will be the nature of the economic activities that are ‘grounded’ in a particular place, an issue to which we now turn.

#### Left at p 75

#### Agency is variable and based on certain circumstances – k2 a study of labor

Workers have agency. They have the capacity to act, to change, to challenge and to resist. This may seem a surprising claim in light of the sorry stories recounted in Chapter 5. But these stories are by no means representative of the situation worldwide. In many places, workers have the capacity to decisively alter their circumstances. Put simply, wage labourers can be ‘active participants’ (Herod, 2001: 16) in the creation of the socio-geographical situations in which they find themselves. But what do we mean by the ‘agency of labour’? The con- cept of agency refers to the capacity possessed by individuals and groups to act for their own benefit or for the well-being of others (see Box 6.1). To say that people have agency may seem so obvious as to be trite. After all, most readers of this book would have little difficulty listing countless examples of their freedom to think and act. However, it is important to note that the degree and kind of human agency is both constrained and socio-geographically variable. The constraints arise because all people think and act within sets of relationships that place definite limits on what is possible. We called these relationships ‘structures’ in Part One to highlight their relatively intransigent char- acter. The sociologist Anthony Giddens (1979, 1984) has done most to draw our attention to how individual and collective agents act within wider societal structures – such as class, gender, and ethnic relations – and, through their actions, reproduce these structures. This is what he called a process of structuration, which Marx, in effect, described long ago when he famously said that ‘people make history but not under the conditions of their own making’. An example relates to how some students end up at university while others do not. An analysis that privileges agency would look at the characteristics of the individual. Is the student bright? Does she work hard? It would conclude that those students who work hardest and that are the brightest are most likely to get to university. An analysis that privi- leges structure would look at the wider socio-economic context in which the student was educated. Did she come from a high-income family? Did her parents go to university? Did a large number of her school friends go to on to university? It would conclude that certain students are more likely than others to go to university, not just because of their individual traits, but also because of wider economic and social factors. A structurationist approach would bring together the two approaches, arguing that students go to university both because they are bright, and because in some way this brightness stems from factors such as family income, the time available for parental support, the quality of pre-university education and so on. As Giddens would have it, structures condition agents and agents, col- lectively, affect structures (usually reproducing, them but now-and- then transforming them). In light of this, it is plain to see why the degree and kind of human agency is socio-geographically variable. Imagine a hypothetical scenario where two people with the same mental and physical characteristics are born into a poor Sudanese family and a rich Australian family respectively. Who is likely to have the greater degree of agency over their life course? Who is likely to suffer more from structural constraints? Though many structures embroil most people on the planet – notably capitalism – it remains the case that within these structures some have a greater capacity to improve their life chances than others.

Interesting as this may be, what does this mean for an analysis of wage-workers? First, it draws our attention away from cases like those explored in Chapter 5. We are encouraged to look, instead, at where and how some workers take control of their lives and their destinies. Second, a focus on worker agency leads us to inquire into the impor- tance of geographical strategies. Recalling our discussion in Part One, these are strategies employed by workers and allied groups that actively use or alter the existing geographical organization of eco- nomic activity at a range of scales. They are part-and-parcel of work- ers’ power repertoires. They can range from acting in place (the focus of this chapter) to uprooting and moving elsewhere (see Chapter 7) to organizing trans-locally (see Chapter 8). So in this, and the following two chapters, we begin to appreciate that even though wage workers have to labour within the capitalist system, the geography of production and regulation is not the sole prerogative of those who are economi- cally and politically powerful. Labourers too play an active role – some- times alongside, other times in direct opposition to, business and regulatory bodies – in the way the economy is organized geographi- cally. If, as we argue, this role can be performed in place or across space then intuitively it also makes sense to consider how labourers play a role in the construction of geographical scale. As we shall see in this and the next two chapters, re-scaling their actions, whether upwards or downwards, wage-workers are able to manipulate scale as a strategy for improving their lot under global capitalism.

#### Local alliances good

Our specific focus here, as mentioned above, is the local scale (also the focus of the previous chapter). Operating alone or with other local stakeholders, workers can undertake actions in place that can palpably improve their fortunes. Of course, workers can also exert their agency inside of the workplace. They can resist some of the demands made on them by employers – either directly through strike action or through more indirect actions, such as slowing or even sab- otaging production, ignoring management directives or by simply behaving inappropriately, such as laughing in meetings. Our atten- tion here though is the extent to which the circumstances under which local alliances occur are explicable with reference to the idea of place dependence introduced in Part One. Wage-workers, their families

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and the institutions that support physical and social reproduction are at the very least place-based – that is, ‘fixed’ in the landscape and not readily movable – and often place-bound – that is, absolutely con- fined to the locality in question. Though many firms and regulatory bodies are not place-dependent in these ways, we saw in Chapter 3 that many others in fact are. It is these joint commitments to place – at once physical, financial and emotional – that can lead wage work- ers, local firms, local regulatory bodies and local non-working groups to come together in concerted actions to defend or promote their locality. So place can complicate the simple two-class model outlined early in Chapter 2, a model that depicts workers and firms existing in a mutually tense relationship with regulatory bodies somehow medi- ating in-between. In ideal-typical terms, then, we have two ‘types’ of local scale worker agency: ‘pure’ agency (where workers act alone, as it were) and ‘synergistic’ agency (where workers forge alliances with other place-dependent actors).2

#### Baltimore lw campaign

For our second case study of local coalitions we move to the east coast of the United States and to Baltimore. Another US city whose econ- omy has suffered during the last two decades, Baltimore was one of the first places to introduce the waterfront model of urban redevelop- ment (Harvey, 1989b), which has subsequently become widespread in both the United States and Europe. This focused on renovating the Baltimore inner harbour through the construction of expensive apart- ments, luxury hotels, sports stadia, and retail centres. Pursuing this particular local growth model meant that relatively well-paid and secure jobs in manufacturing were replaced with low-paid and pre- carious service sector employment, (as, recalling one of the previous chapter’s case studies, has happened in the Southeast of England). This model was supported (and promoted) by a local coalition of busi- nesses and government – led by Mayor Schaeffer. It argued that Baltimore had little option but to reinvent itself as a place where tourists could stay and play. So the coalition set about competing aggressively with other places for inward investment, poaching firms from elsewhere with generous subsidies and tax incentives.

However, another coalition was formed to campaign against some of the consequences for workers of the pursuit of this model of redevelopment. Baltimore’s living wage campaign is an example of what can be achieved when labour and community organizations unite around a common cause. An alliance formed between one of the largest public sector unions in the state of Maryland, the American Federation State County and Municipal Employees (AFSCME) and Baltimoreans United in Leadership Development (BUILD), an associ- ation of 50 mostly African-American churches. Both groups were

concerned about the growth in low-paid jobs in central Baltimore. For the union, the privatization of public services meant they were losing members: for the churches, their congregations were declining. Relatively well-paid African-American families were moving out of Baltimore city and into the suburbs. BUILD organized public demon- strations to resist what it saw as the declining work and living condi- tions experienced on a daily basis by its communities. It soon realized that in order to change the lives of its members who were performing low-end ‘shit jobs’ it needed to get inside the workplace. As the then lead organizer of BUILD, Arnie Graf, argued ‘a lot of our organizing became pushing government to organize subsidies to supplement the downward spiral of people’s wages ... We moved into the arena of low-wage work workers in the city because that’s our constituency. That’s who lives around the churches and the neighborhoods where we are’ (quoted in Walsh, 2000: 1601).

AFSCME and BUILD organizers targeted the low-wage workers who undertook contract-only jobs for the city government, arguing for a ‘living wage’ that would ensure that no family of four with one full-time work- ing adult would live below the poverty line. Despite opposition from local firms the measure was passed in December 1994. The pay of service workers contracted to city government was to rise to US$6.10 in July 1995 (when the US federal minimum was US$4.25 per cent), rising to US$7.70 over four years. Over 1,500 jobs, such as school bus drivers, janitors and fast-food service workers were covered by the deal. While not covering all those who labour daily for a wage that keeps them at the bottom of the labour-market, the introduction of a living wage in Baltimore did improve the pay for some of the most poorly paid workers in the city.

In sum, this example shows how workplace issues can be made to matter to a wide audience. The introduction of a living wage in Baltimore improved the working lives of the city’s service workers. These workers also had lives outside of the place of work. Through the connecting of the lives of workers inside and outside of the workplace a basis was provided for the formation of a reciprocal coalition (Walsh, 2000). It was able to draw upon each group’s power repertoires and to extract concessions from the pro-growth coalition that already existed in the city. Such living wage campaigns in the United States have served as inspiration for the low paid in other places worldwide.

#### Localism is not regressive, but progressive

In different ways, the four case studies discussed in this chapter demonstrate amply the agency of labourers at the local level. Yet, those on the Left have not traditionally been convinced of the con- cessions labour can extract from business and regulatory authorities through exercising its agency in place. For example, Harvey (1993: 24) has argued that ‘place-bound politics appeals, even though such a pol- itics is doomed to failure’. While this might be the case in some local- ities, it is certainly not the case in all. Indeed, it should be clear from the examples in this chapter that under certain conditions workers either acting alone or alongside others can put employers and regula- tors on the back foot. In one sense, and as this chapter has argued, it is possible to point to ‘progressive’ localisms. Workers and other members of local communities can really improve their lot. The ‘dif- ference’ made might involve a change in conditions inside or outside the workplace: a safer place of work and better hourly rates or better quality public spaces and lower levels of pollution. As we saw in each of the four examples, ‘pure’ or ‘synergistic’ forms of worker agency were able to extract gains from business or government.

In the case of the workers in Flint, Michigan, they secured new investment in their plant, and a more secure medium-term future. In Clarksburg the workers joined with other locality-dependent interests to stop the glass plant being closed. In Baltimore the pursuit of a par- ticular model of redevelopment led to the creation of a low-income working poor ‘community’. Finally, the Mondragón Cooperative Corporation (MCC) emerged out of a commitment to the well being of the local community and a rejection of the way capitalism gener- ates and distributes profits.

However, it is also possible to offer an alternative explanation of what appears to be evidence of ‘progressive’ localism. By definition, organizing in place means that one geographical scale is privileged

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over all others. What is good for place-dependent groups is defined at the local level in abstraction from other geographical scales. And yet, as we explained in Chapters 3 and 4, we live in an inter-dependent world. Places are not bounded locations, but are part of relational networks and flows. The agency exerted by labour and other groups in one place may change the parameters within which labour can ‘wiggle’ in other places. In exercising its agency locally, labour might actually make things worse for others in the same economic class in other places. Whether or not a particular strategy is ‘progressive’ or not depends on where, and at what geographical scale one looks. In the case of our first example, Flint workers made gains through the agency of the local union, the UAW. The outcome of the strikes might have had more ‘regressive’ outcomes in GM’s other plants, where workers were tem- porarily unable to work because of the Flint strikes. Indeed, non-Flint workers may have been laid off, as the Flint plants stopped their pro- duction of necessary parts. And the same goes for Clarksburg, Baltimore and Mondragón. In the case of the living wage of Baltimore, the higher rates paid to city government workers might have meant that less use was made of them. In their place more use might have been made of non-city government workers, with these workers hired on worse terms of employment. In effect one group of labourers subsidized another.

Why is this important to us in trying to understand the progres- siveness or otherwise of the agency of labour in place? Well, it should be clear that what, at first sight, appear to be examples of the ‘pro- gressive’ possibilities open to labour through exercising its agency locally need to be interpreted in the context of other changes that may occur as a result of wage workers’ actions. It may be, for exam- ple, that ‘progressive’ localisms and ‘regressive localisms’ coexist, that the effects of in-place labour agency on geographically distant but inter-connected spaces of work may be a complex blend of gains and losses. More fundamentally, however, there might be something inherently ‘regressive’ in organizing in place, that any gains made by labour are by definition off-set by the ability of businesses to displace the costs on to other workers elsewhere. We return to the issues of progressive and regressive strategies in Chapter 9 in a discussion of competing definitions of justice.

#### Migration is a geographical strategy

In the introduction to this chapter we stated that im/migration was a two-sided phenomenon. For some workers it is a choice, for others a last-ditch option. For our purposes here, we can make a simple heuris- tic distinction between im/migration as a ‘proactive choice’ and a ‘reactive necessity’. In the first case the workers involved have greater latitude to exercise their agency than in the second case; in both cases, though, im/migration can be seen as a geographical strategy to improve workers’ fortunes. The choice of migrating however, is usu- ally never an easy one, largely because the migrant has to balance what might be left behind in the source area with what s/he might gain in the destination area. In Figure 7.2, we illustrate some of the reasons for staying or migrating.

#### Migration as a voluntary choice + stories

So much for labour migrations that are compelled rather than volun- tary. The geographical movement of workers need not always be a reactive response to their local circumstances. In other cases, labour migration can be regarded as a positive, proactive strategy by workers to improve their wages, their skills, their employment prospects or their general quality of life. This brings us to the issues of agency and scale. In the previous section we discussed cases where workers were forced to migrate and in which they could not be said meaningfully

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to have ‘constructed’ new geographical scales. However, in other cases the connection between worker agency and the making of new scales is an important and reciprocal one.

We can illustrate this with two case studies, one of professional workers in relatively high-paid sectors (that is the financial sector) and one of less well-paid professional workers taking advantage of employment opportunities within their firm.

In the financial sector Professional labour migration in financial sectors in key cities has expanded dramatically in the last 20 years. The rea- sons for this include the growth of (especially foreign) advanced pro- ducer services (that is high-level banking, accounting, law, and consulting services), the internationalization of the financial system, the establishment of international financial institutions, and the emergence of more precarious forms of professional employment (fixed-term projects, etc.). For example, in the investment banking and accounting sectors in certain ‘global cities’ (for a discussion of global cities, see Sassen, 2000) such as Hong Kong, London, Los Angeles, New York, Singapore and Tokyo during the 1990s, the num- ber of professional overseas temporary secondments increased signif- icantly. These typically had a duration of three years and involved primarily men moving. In some banks, the number of professionals abroad ranged from approximately 100 to 600 individuals. But in many cases, this is not an on-demand labour migration, but actively organized in advance. For example, some Japanese banks had a com- plex programme of sending workers overseas for international experi- ence, dividing workers into different categories such as ‘international expatriates’, ‘international assignments’, and ‘short-term assignments’ (Beaverstock and Smith, 1996; Beaverstock and Boardwell, 2000). Why do executives and other managers migrate? Among the most important determinants is the accumulation of international experi- ence, which is seen as central to career development, the expectation of high salaries in select cities, and the appeal of a certain set of global cities. As Beaverstock and Smith (1996: 1381–2) highlight:

The magnetism of London as a working and living space must not be underestimated in the construction and uneven distribution of skilled international labour migration in the world economy’s financial indus- tries. Global cities like London are where the corporate professionals want to work, to consume, and to accumulate wealth.

In any case, our point is that this type of labour migration is far from forced. It is a voluntary movement by professionals to improve their long-term career prospects, and has little to do with the other kinds of forced migrations we have talked about.

￼￼From Ebbw Vale to Ijmuiden: steel workers on the move The town of Ebbw Vale in South Wales has been making steel for over two centuries. In July 2002 the last major metal plant in the town closed down, marking the end of a way of life. Faced with foreign competition, South Wales steel factories have closed in quick succession since the early 1980s. The results have been unfortunate: because towns like Ebbw Vale have been so dependent on one major economic activity, plant closures have left high levels of local unemployment in their wake. It was in this context that the Anglo-Dutch firm Corus made 500 Ebbw Vale steelworkers redundant in mid-2002. Since many of these workers were among the best paid in the town as a whole – earning between 25 and 30 thousand pounds per annum – the factory closure was a major economic blow. The redundancies at the plant were among 6,000 made in Corus plants worldwide since 1998, half of them occurring in South Wales alone. Part of the reason for this geographic concentration of job losses was the strong British pound, which made steel exports from the UK very expensive for foreign buyers. As a result, over half of the metal making machinery from Corus’s Ebbw Vale plant was physically removed to the Dutch steel town on Ijmuiden in Holland (this epic act indicates what is involved in ‘disembedding’ a firm from a particular place). The euro, being a weaker currency than the British pound, made the relocation economically viable. Put differently, without the geographic transfer of extra capacity, the Ijmuiden plant and its 9,500 strong workforce could not meet the European and worldwide demand for Corus metals.

Though the closure of the Corus plant further accelerated Ebbw Vale’s downward economic spiral, it was not a disaster for everyone. In 2002 Corus offered around 100 of its Welsh workers the opportunity to voluntarily move to other Corus plants in the UK and Europe, including the Ijmuiden plant in Holland. Though the cost of living in Holland remains lower than in the UK, Corus not only guaranteed Ebbw Vale migrant workers their same salary (a salary higher than most equivalent Dutch Corus workers), but subsidized house purchases for these workers in Ijmuiden (in effect offering them a ‘company mortgage’). Accordingly, many Ebbw Vale Corus workers voluntarily relocated themselves and their families to Ijmuiden in 2002.

In many ways, this does not seem to be a good example of migra- tion as ‘proactive’ worker agency. After all, the workers involved lost their Welsh jobs; they had to move from a town where most of them had been born and raised; and they moved to a country where the language was foreign to them. This hardly sounds like a convincing example of voluntary migration. However, despite appearances, the workers involved did not simply see it as a ‘negative’ move that had

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been forced upon them. In the first place, the economic decline of Ebbw Vale had, in their eyes, ceased to make it a desirable place in which to live and raise a family. With teenage drug use, crime and unemployment all serious local problems, there were few well-paying jobs left in the town once the Corus plant closed. As one of the migrant workers said of Ijmuiden, ‘It’s an opportunity for the children when they grow up. It’s frightening to think of them growing up in [Ebbw Vale] ... there’s nothing here for them’ (quoted in Gow, 2002: 26). Aside from being a relatively prosperous town compared to Ebbw Vale, Ijmuiden had other attractions too. Specifically, Corus faced a skills shortage in its plant there. With 77 per cent of Dutch people working in the service sector, the engineering skills of the Ebbw Vale steelworkers were in demand. Furthermore, most Dutch speak English well because of their schooling, easing the cultural challenges faced by the Welsh workers in leaving the UK. As one Ebbw Vale out-migrant and his wife commented, ‘We worked out all the pluses and minuses on a piece of paper. There just didn’t seem that much against coming out [to Ijmuiden].’ (For more on this case study see Gow, 2002.) If we link all this back to the general discussion of worker agency in Chapter 6, in this case the structural conditions confronted by the 100 Welsh Corus workers provided more opportunities than they did constraints.

#### Migration’s implications for ppl

As this chapter has shown, labour migration has social consequences for many different working and non-working groups at a variety of spatial scales. This indicates that any assessment of labour migration must be multi-perspectival. It must, that is, be grounded in the diverse needs and wants of the individuals and groups of workers who are implicated in migration. Thus, migration will have an impact not only on native workers, but also already settled immigrants, other recently arrived migrants, the unemployed, workers remaining in the source areas, and the local and national economies at both ends of the migration stream. For example, the effects of undocumented Mexican immigration on, let us say, low-paid African-American workers in a particular area or industrial sector within Los Angeles, will be differ- ent from the aggregate effects of all undocumented immigration on the entire American economy. The latter has arguably implications for all African-Americans in the United States, as well as on workers in the source areas in Mexico.

￼￼Let us begin by looking at the national scale, and taking the example of the United States. While immigrants in the United States seem to increase the earnings and occupational mobility of some natives, particularly business owners and others who own a substantial proportion of American assets, it seems to do very little for, or even harm the bulk of native work- ers. Moreover, those who benefit financially seem to be mostly ‘white’ and highly skilled, and those who lose in terms of wages, mostly ‘black’ and less-skilled (Sassen, 1995). Nonetheless, as Borjas (1999) writes in the context of his research on the United States, one can ‘...conclude – by picking the ‘right’ period, the ‘right’ group, and the ‘right’ methodo- logy – that immigration has either a hugely beneficial or a very harmful impact on the labor market opportunities of native workers’ (p. 70). Yet labour market opportunities are not the only way of gauging the impacts of migration. Indeed, both native and immigrant workers may benefit because of the fiscal impacts of migration (that is migration may increase tax revenues at the local or national scales), which in turn may improve public services or infrastructure for everybody. This should simply re-affirm that scale is central to any understanding of how migra- tion affects different sets of workers.

In that sense, let us now focus on the local impacts of migration. Why is it necessary to do so in the context of migration? To begin with, it is important to remember that immigrants in at least the advanced economies tend to concentrate in large metropolitan regions – what William Frey (1996) calls ‘gateway cities’ in the context of the United States. This does not mean that they are necessarily restricted in settling elsewhere, nor that they do not settle in smaller towns and rural areas throughout the world. Witness the concentration of Mexican migrant workers in the agricultural town of Watsonville, California, Moroccan workers in Roubaix in Northeast France, or Pakistani migrants in Bradford, England. Nonetheless, they tend to settle first, and remain in large metropolitan areas. One possible result of this is that the concen- tration of immigrants in large cities and their disproportionate over- representation in low wage jobs (notwithstanding the growing number of highly skilled immigrants) depresses wage levels or hinders the employment prospects of native workers in these cities.

But as we noted above, the evidence for the impact of immigrant workers at any scale is far from conclusive, whether this is a matter of job competition, wages, or fiscal effects. That said, at least one com- mon way of evaluating the local impacts of migration on employ- ment is to ask whether migrants act as a complement or a substitute for native workers. Roy (1997) explains the distinction. Migrants are said to be complementary to native workers ‘if there are skill shortages in

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the host country and immigrants relieve these bottlenecks, it would expand job opportunities in general, resulting in an increased demand for labor and eventually leading to higher wages for native- born workers’ (p. 152). Furthermore, it is often the case the migrants perform jobs which natives cannot or do not wish to do. Alternatively, immigrants and native-born are substitutable ‘if varia- tions in the number of immigrants relative to the native-born work- ers across the selected local labor markets demonstrate that a high ratio of foreign-born to native-born workers is associated with a lower wage rate for the native born’ (Roy, 1997: 152). An example of this is to be found in Box 7.3. Yet the impacts can be trans-local as well. For example, growers in Baja California (in Mexico) cannot compete in terms of wages with growers in California in the United States (who also use immigrant labour, but who siphon off generally the most productive workers). In order for Baja growers to attract workers (they have difficulty retain- ing them because of the minimum wage in California), the Baja grow- ers continually recruit workers from southern Mexico (Oaxaca), and promote settlement in Baja, rather than increasing wages, or reward- ing the workers who have the highest productivity. Thus, growers in Baja California can compete with wages 2,000 miles away and attract workers rather than compete with the California market 200 miles away. But it is an integrated and in many ways trans-local labour system because migrants in Baja accept lower wages because of the possibility of moving to California, while Baja wages place pressure on California wages (Sassen, 1995).

Finally, the migration of workers can even have implications for those workers remaining in the source area. Indeed, while immigra- tion to the advanced economies might fuel growth in those regions, it may have the opposite effect on the countries of emigration, but this too is an issue of scale. First, emigration may have a different impact on relatively low and high unemployment countries. For example, mass emigration may reduce unemployment in the source area. However, it may also lead to the flight of highly-skilled/highly- educated workers (so-called brain drains) which might in turn also increase unemployment by reducing the rate of capital accumulation in the country of emigration. Second, financial remittances (in other words, money sent back to the source area by emigrants) may benefit individual families in the source area. Indeed among Mozambican migrants in South Africa, 87 per cent had saved sufficient funds to purchase a house in Mozambique. Or remittances can provide neces- sary foreign currency reserves to meet external debt requirements. For example, in Lesotho, the remittances from migrants who work in the mines of South Africa account for nearly a tenth of Lesotho’s Gross Domestic Product (The Economist 2 September 2000). Yet such remit- tances can also lead to inflation by expanding the supply of money without increasing productivity or the productive capacity of the source area. In other words, the money is spent on luxury items, often imported, rather than on increasing innovation in the national econ- omy. For example in the towns and villages that surround the city of Agadir in southern Morocco, returning migrants have constructed enormous houses, thus stimulating a property boom, and raising the cost of land and other goods and services in the surrounding area.

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The result is that many Moroccans who do not emigrate suffer the consequences of inflation (Berriane and Popp, 1997).

#### Global/translocal movements bad

Though, as this chapter has shown, ‘up-scaling’ struggle beyond the national level can be a key way to defend and enhance wage work- ers’ livelihoods, it would be wrong to think it an unalloyed good. There are two reasons why. First, even when workers (or consumers) in one set of places act with, or on behalf of, those located elsewhere, there are always some workers who are left out of the loop. No act of transnational solidarity can include all wage workers. There are sim- ply too many for this to be a practical possibility in anything other than just rhetoric. Second, even just considering those who are involved in any given transnational worker initiative, there can be unintended and negative consequences of the actions taken. Let us take each scenario in turn by way of brief examples.

First, some acts of transnational labour solidarity are avowedly exclusive. They include one set of workers by defining their relevant constituency against a set of other workers. So the socio-geographic divisions within the global ‘working class’ do not just exist at the local scale but occur translocally too. The obvious examples here are the International Trade Secretariats, which represent different workers according to their industry. In itself this kind of industrial division is

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not necessarily bad, of course: the needs and rights of metal workers, for example, will not necessarily be quite the same as auto workers. Accordingly, it makes sense to have different organizations represent- ing their respective interests. But in other circumstances transnational labour activism can be positively exclusionary, even competitive. A good example is offered by Herod (2001: 140–5). He recounts the post-World War Two efforts of American trade unionists to act on a transnational scale in defence of their domestic interests. Specifically, he looks at the activities of the AFL-CIO in Latin America from the 1950s onwards. Among other things, these activities involved build- ing alliances with trade unions from Mexico to Argentina. But, as Herod explains, these alliances were very selective. Operating in a cli- mate of Cold War fear and American economic growth (at least until 1989 and 1974 respectively), the AFL-CIO tended only to support ‘moderate’ Latin American unions that were not ‘tainted’ by the ideas of communism. Indeed, more than this, Herod argues that the union actively tried to weaken unions that seemed ‘anti-American’ and unreceptive to the import of US goods. In this sense, the AFL-CIO was frequently an ally of US businesses, laying the ground for American investment in, and exports to, Latin America. The kind of transna- tional solidarity it built between the United States and non-US work- ers was thus a very partial one, predicated on excluding those Latin American workers considered too radical for the AFL-CIO’s taste.

If Herod’s discussion shows how borderless bridge-building can be exclusionary, other cases show that some workers lose even when they are in the loop, as it were. As Johns and Vural (op. cit. 1208) explain, in relation to the SSC, ‘plant closings and job loss for impov- erished workers in the underdeveloped countries may be an unin- tended result ...’. For example, when the Walt Disney Company was criticized for the dismal labour conditions in 14 of its Haitian sub- contractors, H.H. Cutler – the largest subcontractor – announced it was pulling out of Haiti altogether because of a ‘slump in demand’ caused by criticism by the SSC and others. This would lead to 2,300 lost jobs in Haiti. Of course, the SSC’s intention was not to close down garment suppliers in developing world countries where jobs and investment are much needed. Rather, the SSC argued that Disney should set a standard for other companies to follow, by insisting that Cutler and other contractors raise wages and improve conditions. The point, of course, is that the campaign could not guarantee workers in Haiti and elsewhere that this standard would be set. Firms like Disney and Cutler were and are free to ignore transnational worker activism and seek out places where such activism is absent. So supranational labour organizing comes with risks for those it aims to help.

#### Global action sometimes good – three warrants in one of the paragraphs

In the previous two chapters we have presented examples of wage workers using geographical strategies to effect change in the condi- tions under which they live and labour. However, in many cases the kind of place-based action discussed in Chapter 6 is insufficient, while migration, as set out in Chapter 7, is neither possible nor desirable. This raises a question: can workers remain in place and yet act trans- locally in order to further their local needs and wants (or those of others elsewhere)? As this chapter will show, the answer is emphatically ‘yes’. If the case studies in Chapter 6 demonstrated that workers often ‘think locally and act locally’, those presented in this chapter show that they can also (i) ‘think locally and act translocally’ and (ii) ‘think and act translocally’. In other words, workers and other social groups sympa- thetic to their cause can ‘up-scale’ their struggles and pursue them on a broader socio-geographic terrain without resorting to migration – just as the Tompkins Square Park homeless did in Smith’s discussion of what he calls ‘scale politics’. These up-scaling efforts can be under- taken by and on behalf of workers in one place, or many workers in several places. Unlike the examples discussed in Chapter 7, the attempts to transcend the confines of the local discussed in the pages to come involve the seeming paradox of remaining place-based while acting across space. But we shall see that this is not a paradox at all:

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for in our interdependent capitalist world, the defence of local livelihoods often necessitates reaching out over broader geographical scales precisely because, as Massey (1993) argues, these days the translocal is in the local. Put differently, contemporary workers need a ‘global sense of place’. In Swyngedouw’s (1997: 168) words, they increasingly need to ‘reach ... out from local ... identities to find threads that enable solidarity and extend lines of power for those that remain other- wise trapped in place’. In situations where purely local efforts to defend jobs are ineffective and where out-migration is not viable, workers and others must actively forge translocal ties in order to realize local interests. In effect, this involves labour ‘matching’ the translocal organization of many firms and regulatory institutions. Without this effort of up-scaling, the idea of ‘hegemonic despotism’ discussed in Chapter 5 would probably ring more true: for firms and many regula- tory bodies would be able to ‘play off’ workers in different localities against one another more readily than they already do, in what’s var- iously called ‘whipsawing’, ‘the race to the bottom’ and ‘geographical divide-and-rule’.

The up-scaling of worker action – involving workers acting alone or in concert with others – is evidence of what we earlier called a geo- graphical imagination. It is one that lies at the heart of the modern labour movement. Such an imagination, to quote Harvey’s (1973: 24) germinal definition, ‘enables ... individuals[s] to recognize [how they] are affected by the space that separates them, ... to judge the rele- vance of events in other places, [and] to fashion and use space cre- atively’. Until relatively recently, the ‘space’ that Harvey refers to was not necessarily global in scale. It was often national, or at best macro- regional, in scale and trade unions were the principal worker insti- tution through which the up-scaling of worker action against firms and regulatory bodies was organized. Today, however, we have seen that workers in one place must recognize that their fate is deeply depen- dent on the actions of myriad workers in far-flung corners of the globe. Not only is the ‘working class’ far larger numerically than at any point in human history. It also encompasses virtually every place on the planet, not to mention every creed, ethnicity and colour. Trade unionists have responded to this fact by creating new, or strengthen- ing existing, international and global unions (introduced in Chapter 4). However, their undoubted importance notwithstanding, these unions are neither necessary nor sufficient for the up-scaling of labour strug- gle. Workers in the less developed world, the former communist bloc, and newly industrializing places often lack union representation. At the same time, the ‘workerist’ history of the union movement means

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that it has often failed to link worker struggles with those of others in civil society. Accordingly, the contemporary landscape of trans- national worker action extends beyond union organizing to encompass a range of non-union initiatives. This combination of union and non- union action is equipping contemporary workers with the means to overcome the vulnerabilities of being rooted in place.

What are the potential benefits of inter-place cooperation between workers and those with worker interests at heart? Three are immediately obvious. First, though workers remain rooted in place (migrants excepted), connecting across space provides an obvious mechanism for counteracting the kinds of sorry tales recounted in Chapter 5. Put simply, inter-place cooperation can prevent workers being played-off against each other. Second, there is strength in num- bers. The larger the scale of labour organizing, the more people can be deployed to challenge those firms and regulatory institutions who might be threatening workers’ livelihoods. Finally, there are logistical advantages. Unions and other organizations operating at the national and transnational scales usually have considerable resources at their disposal by virtue of their large memberships. These resources, in turn, can underpin major initiatives (strikes, for example). In short, there have long been (and remain) compelling reasons for wage work- ers and allied groups to up-scale their actions beyond place.

#### A2 Transnational unions

The example of transnational consumer politics discussed above is one of several that challenge the idea that trade unions remain the best or only vehicles for facilitating contemporary efforts to build worker solidarity above the national scale. Though a trade union led the SSC, the campaign was not exclusively union based. In many ways, the strengths of transnational trade unions (and, for that matter, worker organizations like ITFs and IWCs) are their weaknesses. First, they presume a definite membership, which can exclude work- ers who do not ‘belong’ to the union in question. Second, they can be very top-down and encumbered not just by their own rules and regu- lations but those of the nation states in which they operate. Finally, they are largely irrelevant in places where there is no tradition of union organizing and where there is no prospect – for whatever reasons – of unions being formed in the near future. Accordingly, a number of commentators (for example, Hyman, 1999; Thorpe, 1999) have argued that these unions should either be reorganized or for- mally supplemented by non-union institutions.

#### Social movement unionism good

In Hecksher’s (1988: 177) words, what is required is ‘a kind of [transnational] unionism that replaces organizational conformity with coordinated diversity’. This looser, more inclusive, more

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grass-roots way of working has been described by Kim Moody (1997) as ‘social movement unionism’. The term refers to alliances between worker groups and so-called ‘new social movements’ (like environ- mental organizations or gay and lesbian groups) that campaign on a single issue or for a single cause. These issues or causes, while not about wage work per se, may nonetheless impinge on this question. It’s a moot point whether social movement unionism represents an adjustment to, or an eclipse of, standard transnational union prac- tices. According to Waterman (2001) it is a more supple, bottom-up way of organizing against firms and regulatory institutions than one normally associates with trade unions. What is more, Waterman con- tinues, social movement unionism actively emphasizes the synergies between workers’ interests and those of other groups in civil society. We saw an example of these synergies in the Stop Sweatshops Campaign: what started as a labour issue quickly became a more gen- eral moral issue of the proper treatment of people. On this basis the campaign enrolled non-worker groups in its cause. Likewise, in Chapter 6 we saw how ‘community unionism’ can link worker strug- gles to those of a broader constituency.

A particularly important focus for social movement unionism at the international and global scales is informal labour. Informal labour is that conducted outside of the ‘formal economy’. This type of labour, according to the organization Women in Informal Employment Globalizing and Organizing, includes unpaid work in family busi- nesses, paid work where the worker has no fixed employer, and paid work where the employer evades the rules and regulations of normal economic activity (Gallin, 2001: 537). Sweatshop labour is just one example of informal work. This kind of work is immensely important in both the numerical and the income sense (see Table 8.2). That is, informal work is the main type of employment for people in the developing world, and is the key means of earning an income for millions of labourers worldwide. Such work has three key characteris- tics. First, it is virtually non-unionised. Second, it is typically low paid and physically demanding because it occurs outside the regulatory frameworks of formal business. Finally, it is overwhelmingly women’s work (Gallin, 2001). It’s a debatable point whether the category of people called ‘peasants’ should be included under the informal worker label (Bernstein, 2001).

What has all this got to do with wage-workers in the formal economy (the focus of most of this book)? And what has it got to do with transnational labour organizing? To answer the first question, formal and informal labour are directly linked in two ways. First, as

companies like Nike demonstrate, many firms sub-contract production to businesses that employ informal labourers. To all intents and purposes, then, the ‘core’ workers employed by a firm like Nike are in the same production network as ‘contingent’ workers (the informal ones). Second, when firms are allowed to use informal labourers they can drive down the wages and conditions of formal workers making the same products. In a sense, informal workers are ‘unfair’ competi- tion for formal workers in the same industries. To answer the second question, all of the above has a geographical dimension. Since infor- mal labour is disproportionately concentrated in the developing world, wage workers in the developed world – where formal employ- ment is disproportionately concentrated – have both a benevolent and a ‘selfish’ interest in helping informal workers organize against exploitative employers.

For these reasons, several transnational unions and some new non-union bodies have, of late, been trying to organize informal workers into new collectives – both on their own and in alliance with formal economy workers. Examples are the Self Employed Women’s Association in India and the home-based workers’ office of the Australian Textile, Clothing and Footwear Unions. Such organizations have their work cut out accessing informal labourers, let alone mobi- lizing them en masse. These workers are typically dispersed in small businesses far and wide. Predominantly women, they may also be ner- vous about fighting back against their employers, especially in highly

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patriarchal societies. These problems notwithstanding, there are now signs that new union and non-union initiatives are beginning to help informal workers improve their living conditions. Given the sheer number of non-unionized and informal workers worldwide, an inclu- sive transnational worker movement will surely be one of the hall- marks of labour organizing in the years to come.

#### Diversity and locality is a strong factor

We can begin to get a handle on these issues by considering David Harvey’s (2001: Chapter 9) essay ‘Militant particularism and global ambition’. In it Harvey reflects upon his involvement in a local campaign to save jobs in a Rover car factory at Cowley near Oxford, UK. This involvement brought Harvey into contact with a labour activist and researcher called Teresa Hayter, who was committed to defending jobs in the plant. Recalling a lunch with Hayter during the Rover workers’ campaign, Harvey was challenged by her to define his loyalities. Did they lie with the local workers and the local commu- nity who depended on Rover for jobs? Or was he ‘a free-floating ... intellectual who had no particular loyalties to anyone?’ (2001: 160). Harvey’s answer to Hayter’s question, he continues, were ‘yes’ and ‘no’ respectively – which is not to say he had only local worker/ community interests at heart. As Harvey put it: ‘I was concerned about the incredible overcapacity in the automobile industry in Britain, and in Europe ... [W]e had to find some way to protect workers’ interests in general without falling into a reactionary [localism] ... But across what space should that generality be calculated?’ (2001: 161). In other words, Harvey’s response to Hayter was to argue that defining work- ers’ interests at the local scale alone was necessary but insufficient. Saving jobs at Rover, while it would benefit the Cowley community, would do nothing to further the interest of autoworkers as a whole in a competitive climate where overproduction was threatening the livelihoods of workers in many car plants across Europe.

Harvey’s attempt to balance local needs with transnational needs reveals the geographical dilemmas confronting contemporary work- ers worldwide. At what geographical scale and with which people do the interests of any given set of workers lie? Somehow local needs and wants must be made to complement, rather than contradict, national, international and ultimately global needs and wants. For the Marxist intellectual Raymond Williams, one of the traditional strengths of the labour movement has been to forge inter-place ties among diverse working groups of just this kind. As he put it (cited in Harvey, 2001: 172):

The unique and extraordinary character of working-class self-organiza- tion has been ... to connect particular struggles to a general struggle in one quite special way. It has set out, as a movement, to make real what it first sight is the extraordinary claim that the defence and advancement of certain particular interests, properly brought together, are in fact the general interest.

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However, despite Williams’ optimistic appraisal, the problems that workers and allied social groups face in connecting local and translo- cal agendas are truly formidable. To begin with, because of the objec- tive and subjective dimensions of place explored in Chapter 3, it is always easier for workers to define their loyalties locally rather than at broader geographical scales. It can be very difficult to feel ties of soli- darity with distant workers one never sees; it’s far easier to identify with those one works with day-in and day-out. Charity, as the saying goes, usually begins at home (and often ends there too). Second, the fact of uneven geographical development insinuates real inequity into the landscape of labour. Should workers in the developed world allow jobs and investment to go to places in the developing world in a spirit of benevolence? Can developing world workers selflessly refuse foreign direct investment because they want their developing world brethren to keep their jobs? Third, though it may seem para- doxical, most wage-workers do not, in fact, belong to the kinds of union and non-union bodies discussed in earlier chapter. These bodies are the principal institutions that build inter-place worker connections, as we have seen. But they scarcely exist in many parts of the Third and Second worlds, while in the developed world member- ship of such bodies has dropped in many countries (see Box 9.1). Finally, the world’s wage-working population is irreducibly diverse in both the social and the geographical sense. Differences of culture, ethnicity, language, dress, nationality, religious beliefs and so on can act as real barriers to understanding and cooperation between spatially sepa- rated working communities. A tragic example of this is the attitude of extreme right-wing Germans to immigrant workers. Xenophobic neo- Nazis have for many years targeted gasterbeiter (guest-workers) from Southern Europe and North Africa for racial attacks in an effort to keep German cities ethnically ‘pure’.

#### Points of universal commonality – identity can’t be it, but issues and ideas can

In recent years the labour movement, alone and in alliance with non-labour interests, has gone some way to manufacturing new

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rallying-points for worker action worldwide. We use the word ‘manufacturing’ deliberately because, as we have already argued, lines of inter-place solidarity must be actively made – they do not automat- ically make themselves apparent. They are thus contingent universals: that is, commonalities that appear to be ‘inherent’ to all wage work- ers but which are, in fact, strategically useful concoctions. This need to fabricate common bonds is especially acute now that wage workers must, in many cases, cooperate globally if they are to further local and non-local interests. Given the worldwide scale at which many firms and regulatory institutions are organizing, macro-regional and even international scales of labour struggle may benefit many workers but leave still others vulnerable to the ills of capitalism. The aim, then, is to create universal rallying-points around which workers with widely different identities, occupations and experiences can genuinely and willingly come together.

As argued above, in theory these rallying-points can relate to any of three things: issues, ideas or identities. It is worth noting that the last of these is the most difficult to create, yet the one that would best guarantee global worker solidarity as and when necessary. Because identities are lived and visceral, they can motivate action at the deep- est psychological levels. The difficulty arises because there are no con- vincing arguments that a ‘core’ identity really does cross-cut the myriad personal and group differences between workers worldwide. As we showed in Part One, worker identities are ‘over-determined’. They are the complex and variable outcome of the multiple ‘subject- positions’ that different workers occupy in everyday life. In previous attempts to encourage transnational worker identities, class was seen as the unifying glue. Following Marx and Engels’s famous injunction in the Communist Manifesto – ‘Workers of the world unite! You have nothing but your chains to lose’ – transnational worker organizations, until relatively recently, assumed that workers’ common class posi- tion within capitalism could transcend socio-geographic differences. However, today it is abundantly clear that a ‘working class’ identity ignores and excludes all those important non-class elements of worker identity that make working people what they are. So class is a limited and exclusive basis for any form of global struggle founded on a com- mon worker identity. Indeed, it is fair to say that virtually all attempts to locate such an identity risk falsely ‘essentializing’ workers, which is to say they risk mistaking a part of their identity as the fundamental element of that identity. This said, there are still some benefits to be gained from using identity as a global rallying-point. A good example is the attempt by Women Working Worldwide (WWW) – a UK

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non-governmental organization – to counteract gender discrimination against women workers. This organization strategically accents the fact that millions of workers share the identity ‘woman’. Though, clearly, the WWW’s agenda excludes male workers, it does so deliberately because it is precisely the ‘female’ element of women worker’s identi- ties that underpins the discrimination they suffer (see Hale and Shaw, 2001). Likewise, it is possible to found worker campaigns on the basis of several discriminated-against identities (in a ‘rainbow coalition’), like those relating to certain genders, ethnicities and sexualities.

So much for a global solidarity founded on identity. What about one founded on ideas and/or issues? These are far more tractable bases for constructing worldwide solidarity. In practice ideas and issues are intertwined, but we can treat them separately for analytical purposes. Ideas matter because they can encapsulate the kind of people we are or want to be. Think of famous ideas like ‘All people are born equal’ or ‘Treat others as you would want yourself to be treated’ and the effects they have had. Unlike identities, ideas can be readily created. The task is then to have them accepted as worthy ideas that can, in the present context, inspire inter-place worker actions. Apropos the distinction made above between relative and absolute evaluations of difference, some of the current attempts to create compelling ideas for a global worker solidarity focus on the second type of evaluation. A good exam- ple is the ongoing effort by the ILO to use the famous Declaration of Human Rights created by its parent organization – the United Nations – to defend workers against the worst excesses of capitalism worldwide. The declaration, first made in 1948, argues that all humans, regardlesss of ‘race’, place, creed, gender, age, etc. have a set of basic and funda- mental rights that must be respected. Though the declaration is not about wage workers per se, it can be used to defend their interests when and where their human rights are breached in an economic context. In other words, the ILO has tried to make labour issues human rights issues as a way of addressing abuses of workers and stressing the com- mon rights all workers should properly be entitled to. It has done so through its 1998 Declaration on Fundamental Principles and Rights at Work. This move immediately raises the stakes against firms and regu- latory bodies by making worker issues more than simply worker issues. The declaration is just one example of how a key idea can serve as what Marx called a ‘material force’ in the cause of paid labourers and their allies. The ILO also has over 180 declarations of its own designed to enhance the working lives of labourers worldwide (see www.ilo.org).

Finally, certain issues can, like certain ideas, serve as powerful uni- fying forces for global worker solidarity. By issues we mean particular

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problems that are commonly experienced by many workers or particular things that are widely sought after. Good examples are the minimum wage and the living wage. Quite simply, individuals, families and communities who depend upon wage labour for their well-being can- not lead a dignified life if their income is below what is required for physical reproduction. A certain base-line income is an absolute sine qua non for all wage labourers and their dependents. Because of the serious consequences of not receiving a minimum wage or living wage, this is an issue where it is possible to persuade many workers that ‘An injury to one is an injury to all’ – at least in theory. This is not to imply that transnational worker organizations should agitate for a single, uniform minimum or living wage worldwide. This would ignore the real differences in the cost of living between places and entail a levelling-up of wages that millions of firms and regulatory institutions would vehemently oppose (the so-called ‘high road’ goal of transnational labourism). But low-income workers and their better- off colleagues could plausibly unite in a project to ensure that locally and nationally adjusted basic pay levels are enforced (Galbraith, 1995).

#### A2 marxist revolution

The first criticism is that we are insufficiently critical! That is, some readers might charge us with ‘status quo criticism’. To understand what this is we can distinguish between ‘reformist’ and ‘revolution- ary’ forms of analysis and action. Karl Marx, one of the theorists who has inspired our analysis, was very much a revolutionary. That is, he wanted to overthrow capitalism, seeing this as the only way that work- ing people and communities could enjoy a full and rewarding life. Clearly, we have not recommended the kind of transformative politics that Marx favoured over a century ago. Instead, we have tried to iden- tify the kinds of non-revolutionary actions that wage workers can undertake at different geographical scales in order to improve the life conditions of some or many of them. We have departed from several other Left-wing labour analysts by refusing to make sweeping gener- alizations about the state of most wage workers today. Our argument has been that there is ample ‘wiggle room’ for workers in a capitalist word (albeit unevenly distributed) and that socio-geographical con- text matters. Workers are not ‘dupes’ but nor can they readily topple the capitalist mode of production; equally, understanding how and what workers do demands an attention to the contingencies of their social and geographical location. Does this mean that revolutionary action is impossible and/or undesirable? And does the kind of reformist action we have explored through case studies amount to an ineffectual ‘tinkering’ with the machinations of global capitalism?

To take each question in turn, it seems to us that revolutionary action is, at this moment in history, not a viable option for the labour

movement. We said as much at the start of this book (see Preface). Notwithstanding the wider ground swell of opposition to capitalism in its neoliberal form – as seen in Seattle, Genoa, London and else- where – the forces ranged in defence of the system are just too strong to be dislodged. In part, as we have shown, these forces lie within the labouring classes themselves! Many wage-workers and their depen- dents enjoy real benefits living and labouring in a capitalist universe. These benefits cannot be underestimated. But even if revolution were an option – which is often is during moments of rationality/legitimation/ fiscal crisis (see Chapter 2) – it would not deliver some post-capitalist utopia overnight (or, perhaps, ever). The twentieth-century experiments in communism (in the USSR and elsewhere) and recent thought experiments in imagining a socialist economy (for example, Sayer, 1995) both suggest that immense practical problems lie in the path of fashioning a non-capitalist future. In light of this, it seems to us that it is wrong to dismiss pro-worker action within the parameters set by capitalism as mere ‘tinkering’. The case studies of worker agency we have presented each, in different ways, show the palpable and some- times life-changing gains that can be made when labour fights back within the current economic system. A particularly powerful example of this, which we have not considered in this book, is the Zapatista movement in Mexico. Though not strictly a labour movement – it began life in 1994 as an armed uprising by indigenous (or first nation) peasants in the province of Chiapas, in southern Mexico – it shows what can be done when those marginalized by capitalist society hit back aggressively at those in power. In early 2001, after several unsuc- cessful military attempts to suppress the Zaptistas, the Mexican President formally acknowledged their right to have their concerns addressed by the national and provincial state. In this case, armed guerilla action by a discontented group was both necessary and suc- cessful in effecting positive action, albeit within the parameters of capitalism in Mexico (see Castells, 1997: Chapter 2).

#### Geographers are not moral relativists

A second charge that some readers might level at us is that we are closet moral relativists. A moral relativist is someone who argues that there are no firm foundations for making judgements about the ‘good’ or the ‘bad’, the ‘positive’ or the ‘negative’. Relativists argue that moral judgements do not come from the skies in tablets of stone. Rather, they are made by individuals and groups who judge the world according to their personal and cultural mindsets or ‘lifeworlds’.

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Because these lifeworlds are plural, relativists argue that moral judgements must be plural too (Walzer, 1983). The embrace of moral relativism can be liberating. It allows us to acknowledge the dangers of ever supposing that there is one ‘correct’ standard for evaluating the world’s multifarious joys and dangers. But it can also, in its extreme forms, lead to the abyss of ‘anything goes’. Thus, because many Nazis thought that killing Jews was morally ‘acceptable’, an extreme relativist would be forced to respect this viewpoint.

We, as authors, would certainly not want to endorse extreme moral relativism. But we have, clearly, argued for a weaker form of rel- ativism in the preceding pages. At various points we have argued against those Left-wing analysts who try to make absolute judgements about the pros and cons of worker action at certain geographical scales. One of our aims has been to sensitize readers to the variety of perspectives within the global ‘working class’ depending on who and where the workers in question are. This variety is irreducible. It can- not be wished away or denied. In drawing it to readers’ attention we have engaged in what moral philosophers call ‘descriptive ethics’. That is, we have tried to describe the various actually existing moral judgements existing out there in the world. But this still begs the question of our own judgement, as authors, of the judgements that dif- ferently positioned workers make.

This is a question of what is called ‘normative ethics’. Do we accept the variety of worker judgements of the ‘good’ and the ‘bad’ of their actions and circumstances? Or do we, as analysts, criticize some or all of these judgements (and if so on what grounds)? The sociologist and geographer Andrew Sayer (2000) argues that it is irre- sponsible for critical academics to remain agnostic about the things they analyse. We agree. Though we do not have the power to change the world directly (like, say, governments do), academics nonetheless have a valuable role to play because they have the training to offer in-depth investigations of what is going on outside the precincts of the university. The same is true of many journalists and professional writers, like George Monbiot, Jeremy Seabrook, Naomi Klein, Noreena Hertz, Michael Moore and John Pilger (see Box 9.2). So what is our critical standpoint? What, to put it differently, is our norma- tive argument (that is, our argument about what should be done by wage workers and their allies as opposed to what they already do)? Our answer has coarsed throughout this chapter, but it as well to now make it explicit. First, it seems to us that some worker judgements of the ‘good’ and the ‘bad’ of their situation should be accepted as legit- imate, but others strongly challenged. Specifically, worker actions at

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one scale that directly or indirectly cause injustices to other workers elsewhere should be the focus of criticism. Since we have acknowl- edged that justice is a relative matter, we reiterate that it is funda- mental and universal injustices we are talking about here – like the breach of human rights. In a world where many locally-based work- ers are simply unaware that their local actions might have dire con- sequences for distant others, it is imperative to instil them with a geographical imagination. This is precisely what transnational unions and related worker organizations are now doing. This leads us to a second normative argument. It is that the labour movement needs to work very hard to allow ‘positive’ socio-geographic differ- ences to flourish. What a global commitment to identifying univer- sal ideas, issues or identities can do is to provide a secure basis for this to occur.

## Empire

### Cards/Ideas

#### Continually accessible reserve labor army is kept accessible through manipulation of supply and demand for labor

Harvey 11 [Harvey, David (Distinguished Professor of Anthropology and Geography at the Graduate Center of the City University of New York). The enigma of capital: and the crises of capitalism. Profile Books, 2011. Print] AJ

Perpetual accumulation at a compound rate depends on the permanent availability of sufficient accessible reserves of labour power. What Marx calls ‘an industrial reserve army’ is therefore a necessary condition for the reproduction and expansion of capital. This reserve army needs to be accessible, socialised, disciplined and of the requisite qualities (i.e. flexible, docile, manipulable and skilled when necessary). If these conditions are not met, then capital faces a serious barrier to continuous accumulation. The dispossession of the mass of the population from direct access to the means of production (land in particular) releases labour power as a commodity into the market place. Marx’s account of so-called ‘primitive accumulation’ may be overdramatised and oversimplified but its essential truth is undeniable. Somehow or other the mass of a population has been put in a position of having to work for capital in order to live. Primitive accumulation did not end with the rise of industrial capitalism in Britain in the late eighteenth century. in the last thirty years, for example, some 2 billion wage labourers have been added to the available global workforce, through the opening- up of China and the collapse of communism in central and eastern Europe. all around the world the integration of rural and hitherto independent peasant populations into the workforces has occurred. Most dramatic of all has been the mobilisation of women, who now form the backbone of the global workforce. a massive pool of labour power for capitalist expansion is now available. Labour markets are, however, geographically segmented. a daily commuting time of four hours comes close to defining an outer limit for workers to get to their jobs on a daily basis. how far away four hours gets you depends, of course, on the speed and cost of transportation, but the inevitable geographical segmentation of labour markets means that questions of labour supply boil down to a series of local problems embedded in regional and state strategies, mitigated by migratory movements (of both capital and labour). The state becomes involved, inter alia, when it comes to immigration and labour laws (minimum wages, hours of work and regulation of the conditions of labour), the provision of social infrastructures (such as education, training and health care) that affect the qualities of labour supply and policies designed to maintain the reserve army (social welfare provision). Capitalists can manage and circumvent the potential limits of labour supply, even in local contexts, in a variety of ways. Some expansion can be had through population growth (and in some instances pro-natalist policies on the part of the state, such as subsidies to large families in France, have had a definite impact upon labour supply conditions to the advantage of capital). There is, in fact, a very general relation between compound population growth and compounding capital accumulation. The astonishing growth performance of capitalism in China after 1980 depended, for example, on the radical reduction of infant mortality in the Mao years that later resulted in a massive young labour force clamouring for employment. In the absence of increasing productivity, accumulation leads to relatively full employment of local labour resources. Scarcity of labour means increasing wages. Either wages continue to rise in such a way as to not interfere with the increasing mass of accumulation (because more labourers are employed) or accumulation slows along with the demand for labour, thus pushing wages down. On occasion, capitalists in effect go on strike, refusing to reinvest because higher wages are cutting into profitability. The hope is that the resultant unemployment will rediscipline labour to accept a lower wage rate. While such instances of ‘capital strike’ can be identified (the ‘Reagan recession’ of 1980–82, when unemployment rose to more than 10 per cent, had some of this quality to it), there are other more advantageous ways for capital to address problems of labour scarcity. Labour-saving technologies and organisational innovations can throw people out of work and into the industrial reserve. The result is a ‘floating’ army of laid-off workers whose very existence puts a downward pressure on wages. Capital simultaneously manipulates both the supply of and demand for labour.

#### Contradiction between passive political subject and active economic subject is the site of struggle

Hardt and Negri 01 [Michael Hardt (American literary theorist and political philosopher) and Antonio Negri (Ph.D., is an Italian Marxist sociologist, scholar, revolutionary philosopher and teacher). “Empire.” 2001. Harvard University Press] AJ

There are three key variables that will define this struggle, variables that act in the realm between the common and the singular, between the axiomatic of command and the self-identification of the subject, and between the production of subjectivity by power and the autonomous resistance of the subjects themselves. The first variable involves the guarantee of the network and its general control, in such a way that (positively) the network can always function and (negatively) it cannot function against those in power.19 The second variable concerns those who distribute services in the network and the pretense that these services are remunerated equita- bly, so that the network can sustain and reproduce a capitalist economic system and at the same time produce the social and political segmentation that is proper to it.20 The third variable, finally, is presented within the network itself. It deals with the mechanisms by which differences among subjectivities are produced and with the ways in which these differences are made to function within the system. According to these three variables, each subjectivity must be- come a subject that is ruled in the general networks of control (in the early modern sense of the one who is subject [subdktus] to a sovereign power), and at the same time each must also be an independent agent of production and consumption within net- works. Is this double articulation really possible? Is it possible for the system to sustain simultaneously political subjection and the subjectivity of the producer/consumer? It does not really seem so. In effect, the fundamental condition of the existence of the universal network, which is the central hypothesis of this constitutional frame- work, is that it be hybrid, and that is, for our purposes, that the political subject be fleeting and passive, while the producing and consuming agent is present and active. This means that, far from being a simple repetition of a traditional equilibrium, the formation of the new mixed constitution leads to a fundamental disequilibrium among the established actors and thus to a new social dynamic that liberates the producing and consuming subject from (or at least makes ambiguous its position within) the mechanisms of political subjection. Here is where the primary site of struggle seems to emerge, on the terrain of the production and regulation of subjec- tivity. Is this really the situation that will result from the capitalist transformation of the mode of production, the cultural develop- ments of postmodernism, and the processes of political constitution of Empire? We are certainly not yet in the position to come to that conclusion. We can see, nonetheless, that in this new situation the strategy of equilibrated and regulated participation, which the liberal and imperial mixed constitutions have always followed, is confronted by new difficulties and by the strong expression of autonomy by the individual and collective productive subjectivities involved in the process. On the terrain of the production and regulation of subjectivity, and in the disjunction between the political subject and the economic subject, it seems that we can identify a real field of struggle in which all the gambits of the constitution and the equilibria among forces can be reopened—a true and proper situation of crisis and maybe eventually of revolution.

#### New link – their demands for ideological solutions are a form of de-radicalization. Setting the movement in motion is all that’s key – after that we have to embrace potential contradictions

Hardt and Negri 12 [Michael Hardt (American literary theorist and political philosopher) and Antonio Negri (Ph.D., is an Italian Marxist sociologist, scholar, revolutionary philosopher and teacher). “The Key to Power.” Adbusters, 13 August 2012] AJ

It’s true that social movements of resistance and revolt, including the cycle of struggles that began in 2011, have created new opportunities and tested new experiences. But those experiments, beautiful and virtuous as they are, don’t themselves have the force necessary to topple the ruling powers. Even great successes often quickly turn out to be tragically limited. Banish the tyrant and what do you get? A military junta? A theocratic ruling party? Close down Wall Street and what do you get? A new bailout for the banks? Even when tempted by despair, we should remember that throughout history unexpected and unforeseeable events arrive that completely reshuffle the decks of political powers and possibility. You don’t have to be a millenarian to believe that such political events will come again. It’s not just a matter of numbers. One day there are millions in the street and nothing changes, and another day the action of a small group can completely overturn the ruling order. Sometimes the event comes in a moment of economic and political crisis when people are suffering. Other times, though, the event arrives in times of prosperity when hopes and aspirations are rising. It’s possible, even in the near future, that the entire financial structure will come crashing down. Or that debtors will gain the conviction and courage not to pay their debts. We can’t know when the event will come. But that doesn’t mean we should just wait around until it arrives. Instead our political task is paradoxical: we must prepare for the event even though its date of arrival remains unknown. The forces of rebellion and revolt allow us to throw off the impoverished subjectivities produced and continually reproduced by capitalist society. A movement of organized refusal allows us to recognize who we are. It helps us free ourselves of the morality of debt and the work discipline it imposes on us. It allows us to turn our attention away from the video screens and break the spell the media hold over us. It supports us to get out from under the yoke of the security regime and become invisible to the regime’s all-seeing eye. It also demystifies the structures of representation that cripple our powers of political action. Rebellion and revolt, however, set in motion not only a refusal but also a creative process. New truths are produced. Some of the more traditional political thinkers and organizers on the left are displeased with or at least wary of the 2011 cycle of struggles. “The streets are full but the churches are empty,” they lament. The churches are empty in the sense that, although there is a lot of fight in these movements, there is little ideology or centralized political leadership. Until there is a party and an ideology to direct the street conflicts, the reasoning goes, and thus until the churches are filled, there will be no revolution. But it’s exactly the opposite! We need to empty the churches of the Left even more, and bar their doors, and burn them down! These movements are powerful not despite their lack of leaders but because of it. They are organized horizontally as multitudes, and their insistence on democracy at all levels is more than a virtue: it is a key to their power.

### H&N

#### Social wage

Hardt and Negri 01 [Michael Hardt (American literary theorist and political philosopher) and Antonio Negri (Ph.D., is an Italian Marxist soci ologist, scholar, revolutionary philosopher and teacher). “Empire.” 2001. Harvard University Press] AJ

Many elements arise on the endless paths of the mobile multitude in addition to the spatial dimensions we have considered thus far. In particular, the multitude takes hold of time and constructs new temporalities, which we can recognize by focusing on the transfor- mations of labor. Understanding this construction of new temporali- ties will help us see how the multitude has the potential to make its action coherent as a real political tendency. The new temporalities of biopolitical production cannot be understood in the frameworks of the traditional conceptions of time. In the Physics, Aristotle defines time by the measure of the movement between a before and an after. Aristotle's definition has the enormous merit of separating the definition of time from individual experience and spiritualism. Time is a collective experi- ence that embodies and lives in the movements of the multitude. Aristotle, however, proceeds to reduce this collective time deter- mined by the experience of the multitude to a transcendent standard of measure. Throughout Western metaphysics, from Aristotle to Kant and Heidegger, time has continuously been located in this transcendent dwelling place. In modernity, reality was not conceiv- able except as measure, and measure in turn was not conceivable except as a (real or formal) a priori that corralled being within a transcendent order. Only in postmodernity has there been a real break with this tradition—a break not with the first element of Aristotle's definition of time as a collective constitution but with the second transcendent configuration. In postmodernity, instead, time is no longer determined by any transcendent measure, any a priori: time pertains directly to existence. Here is where the Aristote- lian tradition of measure is broken. In fact, from our perspective the transcendentalism of temporality is destroyed most decisively by the fact that it is now impossible to measure labor, either by convention or by calculation. Time comes back entirely under collective existence and thus resides within the cooperation of the multitude. Through the cooperation, the collective existence, and the communicative networks that are formed and reformed within the multitude, time is reappropriated on the plane of immanence. It is not given a priori, but rather bears the stamp of collective action. The new phenomenology of the labor of the multitude reveals labor as the fundamental creative activity that through cooperation goes beyond any obstacle imposed on it and constantly re-creates the world. The activity of the multitude constitutes time beyond measure. Time might thus be defined as the immeasurability of the movement between a before and an after, an immanent process of constitution.4 The processes of ontological constitution unfold through the collective movements of cooperation, across the new fabrics woven by the production of subjectivity. This site of ontolog- ical constitution is where the new proletariat appears as a constit- uent power. This is a new proletariat and not a new industrial working class. The distinction is fundamental. As we explained earlier, "proletariat" is the general concept that defines all those whose labor is exploited by capital, the entire cooperating multitude (Section 1.3). The industrial working class represented only a partial moment in the history of the proletariat and its revolutions, in the period when capital was able to reduce value to measure. In that period it seemed as if only the labor of waged workers was productive, and therefore all the other segments of labor appeared as merely reproductive or even unproductive. In the biopolitical context of Empire, however, the production of capital converges ever more with the production and reproduction of social life itself; it thus becomes ever more difficult to maintain distinctions among productive, reproductive, and unproductive labor. Labor—material or immaterial, intellectual or corporeal—produces and reproduces social life, and in the process is exploited by capital. This wide landscape of biopolitical produc- tion allows us finally to recognize the full generality of the concept of proletariat. The progressive indistinction between production and reproduction in the biopolitical context also highlights once again the immeasurability of time and value. As labor moves outside the factory walls, it is increasingly difficult to maintain the fiction of any measure of the working day and thus separate the time of production from the time of reproduction, or work time from leisure time. There are no time clocks to punch on the terrain of biopolitical production; the proletariat produces in all its generality everywhere all day long. This generality of biopolitical production makes clear a second programmatic political demand of the multitude: a social wage and a guaranteed income for all. The social wage stands opposed first of all to the family wage, that fundamental weapon of the sexual division of labor by which the wage paid for the productive labor of the male worker is conceived also to pay for the unwaged reproductive labor of the worker's wife and dependents at home. The family wage keeps family control firmly in the hands of the male wage earner and perpetuates a false conception of what labor is productive and what is not. As the distinction between production and reproductive labor fades, so too fades the legitimation of the family wage. The social wage extends well beyond the family to the entire multitude, even those who are unemployed, because the entire multitude produces, and its production is necessary from the standpoint of total social capital. In the passage to postmodernity and biopolitical production, labor power has become increasingly collective and social. It is not even possible to support the old slogan "equal pay for equal work" when labor cannot be individualized and measured. The demand for a social wage extends to the entire population the demand that all activity necessary for the production of capital be recognized with an equal compensation such that a social wage is really a guaranteed income. Once citizenship is ex- tended to all, we could call this guaranteed income a citizenship income, due each as a member of society.

#### Only working at the level of generality of Empire is possible – localism and politics constrained by identity are counterproductive

Hardt and Negri 01 [Michael Hardt (American literary theorist and political philosopher) and Antonio Negri (Ph.D., is an Italian Marxist soci ologist, scholar, revolutionary philosopher and teacher). “Empire.” 2001. Harvard University Press] AJ

Our study set out from the hypothesis that the power of Empire and the mechanisms of imperial sovereignty can be understood only when confronted on the most general scale, in their globality. We believe that toward the end of challenging and resisting Empire and its world market, it is necessary to pose any alternative at an equally global level. Any proposition of a particular community in isolation, defined in racial, religious, or regional terms, "delinked" from Empire, shielded from its powers by fixed boundaries, is destined to end up as a kind of ghetto. Empire cannot be resisted by a project aimed at a limited, local autonomy. We cannot move back to any previous social form, nor move forward in isolation. Rather, we must push through Empire to come out the other side. Deleuze and Guattari argued that rather than resist capital's globalization, we have to accelerate the process. "But which," they ask, "is the revolutionary path? Is there one?-To withdraw from the world market. . ? Or might it be to go in the opposite direction? To go still further, that is, in the movement of the market, of decoding and deterritorialization?"' Empire can be effectively con- tested only on its own level of generality and by pushing the processes that it offers past their present limitations. We have to accept that challenge and learn to think globally and act globally. Globalization must be met with a counter-globalization, Empire with a counter-Empire. In this regard we might take inspiration from Saint Augustine's vision of a project to contest the decadent Roman Empire. No limited community could succeed and provide an alternative to imperial rule; only a universal, catholic community bringing to- gether all populations and all languages in a common journey could accomplish this. The divine city is a universal city of aliens, coming together, cooperating, communicating. Our pilgrimage on earth, however, in contrast to Augustine's, has no transcendent telos be- yond; it is and remains absolutely immanent. Its continuous move- ment, gathering aliens in community, making this world its home, is both means and end, or rather a means without end.

#### Transnational corporations have displaced the state as the source of power – traditional forms of resistance no longer make sense

Hardt and Negri 01 [Michael Hardt (American literary theorist and political philosopher) and Antonio Negri (Ph.D., is an Italian Marxist soci ologist, scholar, revolutionary philosopher and teacher). “Empire.” 2001. Harvard University Press] AJ

Today a third phase of this relationship has fully matured, in which large transnational corporations have effectively surpassed the jurisdiction and authority of nation-states. It would seem, then, that this centuries-long dialectic has come to an end: the state has been defeated and corporations now rule the earth! In recent years numer- ous studies have emerged on the Left that read this phenomenon in apocalyptic terms as endangering humanity at the hands of unre- strained capitalist corporations and that yearn for the old protective powers of nation-states.'1 Correspondingly, proponents of capital celebrate a new era of deregulation and free trade. If this really were the case, however, if the state really had ceased to manage the affairs of collective capital and the virtuous dialectic of conflict between state and capital were really over, then the capitalists ought to be the ones most fearful of the future! Without the state, social capital has no means to project and realize its collective interests. The contemporary phase is in fact not adequately characterized by the victory of capitalist corporations over the state. Although transnational corporations and global networks of production and circulation have undermined the powers of nation-states, state func- tions and constitutional elements have effectively been displaced to other levels and domains. We need to take a much more nuanced look at how the relationship between state and capital has changed. We need to recognize first of all the crisis of political relations in the national context. As the concept of national sovereignty is losing its effectiveness, so too is the so-called autonomy of the political.6 Today a notion of politics as an independent sphere of the determi- nation of consensus and a sphere of mediation among conflicting social forces has very little room to exist. Consensus is determined more significantly by economic factors, such as the equilibria of the trade balances and speculation on the value of currencies. Con- trol over these movements is not in the hands of the political forces that are traditionally conceived as holding sovereignty, and consensus is determined not through the traditional political mecha- nisms but by other means. Government and politics come to be completely integrated into the system of transnational command. Controls are articulated through a series of international bodies and functions. This is equally true for the mechanisms of political mediation, which really function through the categories of bureau- cratic mediation and managerial sociology rather than through the traditional political categories of the mediation of conflicts and the reconciliation of class conflict. Politics does not disappear; what disappears is any notion of the autonomy of the political. The decline of any autonomous political sphere signals the decline, too, of any independent space where revolution could emerge in the national political regime, or where social space could be transformed using the instruments of the state. The traditional idea of counter-power and the idea of resistance against modern sovereignty in general thus becomes less and less possible. This situation resembles in certain respects the one that Machiavelli faced in a different era: the pathetic and disastrous defeat of "humanistic" revolution or resistance at the hands of the powers of the sovereign principality, or really the early modern state. Machiavelli recognized that the actions of individual heroes (in the style of Plutarch's heroes) were no longer able even to touch the new sovereignty of the principality. A new type of resistance would have to be found that would be adequate to the new dimensions of sovereignty. Today, too, we can see that the traditional forms of resistance, such as the institutional workers' organizations that developed through the major part of the nineteenth and twentieth centuries, have begun to lose their power. Once again a new type of resistance has to be invented. Finally, the decline of the traditional spheres of politics and resistance is complemented by the transformation of the democratic state such that its functions have been integrated into mechanisms of command on the global level of the transnational corporations. The national democratic model of state-managed exploitation func- tioned in the dominant capitalist countries so long as it was able to regulate the growing conflictuality in a dynamic fashion—so long, in other words, as it was able to keep alive the potential of the development and the Utopia of state planning, so long, above all, as the class struggle in the individual countries determined a sort of dualism of power over which the unitary state structures could situate themselves. To the extent that these conditions have disappeared, in both real and ideological terms, the national demo- cratic capitalist state has self-destructed. The unity of single govern- ments has been disarticulated and invested in a series of separate bodies (banks, international organisms of planning, and so forth, in addition to the traditional separate bodies), which all increasingly refer for legitimacy to the transnational level of power. The recognition of the rise of the transnational corporations above and beyond the constitutional command of the nation-states should not, however, lead us to think that constitutional mechanisms and controls as such have declined, that transnational corporations, relatively free of nation-states, tend to compete freely and manage themselves. Instead, the constitutional functions have been displaced to another level. Once we recognize the decline of the traditional national constitutional system, we have to explore how power is constitutionalized on a supranational level—in other words, how the constitution of Empire begins to form.

#### Resistance must occur through ontological displacement – the US is ineffective and the idea of a territorial center of Empire is flawed

Hardt and Negri 01 [Michael Hardt (American literary theorist and political philosopher) and Antonio Negri (Ph.D., is an Italian Marxist sociologist, scholar, revolutionary philosopher and teacher). “Empire.” 2001. Harvard University Press] AJ

We know, however, that this idea of American Empire as the redemption of Utopia is completely illusory. First of all, the coming Empire is not American and the United States is not its center. The fundamental principle of Empire as we have described it throughout this book is that its power has no actual and localizable terrain or center. Imperial power is distributed in networks, through mobile and articulated mechanisms of control. This is not to say that the U.S. government and the U.S. territory are no different from any other: the United States certainly occupies a privileged position in the global segmentations and hierarchies of Empire. As the powers and boundaries of nation-states decline, however, differences between national territories become increasingly rela- tive. They are now not differences of nature (as were, for example, the differences between the territory of the nietropole and that of the colony) but differences of degree. Furthermore, the United States cannot rectify or redeem the crisis and decline of Empire. The United States is not the place where the European or even the modern subject can flee to resolve its uneasiness and unhappiness; there was no such place. The means to get beyond the crisis is the ontological displacement of the subject. The most important change therefore takes place inside humanity, since with the end of modernity also ends the hope of finding something that can identify the self outside the community, outside cooperation, and outside the critical and contradictory relationships that each person finds in a non-place, that is, in the world and the multitude. This is where the idea of Empire reappears, not as a territory, not in the determinate dimensions of its time and space, and not from the standpoint of a people and its history, but rather simply as the fabric of an ontological human dimension that tends to become universal.

#### A2 Liberalism good

Hardt and Negri 01 [Michael Hardt (American literary theorist and political philosopher) and Antonio Negri (Ph.D., is an Italian Marxist sociologist, scholar, revolutionary philosopher and teacher). “Empire.” 2001. Harvard University Press] AJ

Even though the state of exception and police technologies constitute the solid nucleus and the central element of the new imperial right, however, this new regime has nothing to do with the juridical arts of dictatorship or totalitarianism that in other times and with such great fanfare were so thoroughly described by many (in fact too many!) authors.9 On the contrary, the rule of law continues to play a central role in the context of the contemporary passage: right remains effective and (precisely by means of the state of exception and police techniques) becomes procedure. This is a radical transformation that reveals the unmediated relationship between power and subjectivities, and hence demonstrates both the impossibility of "prior" mediations and the uncontainable temporal variability of the event.10 Throughout the unbounded global spaces, to the depths of the biopolitical world, and confronting an unfore- seeable temporality—these are the determinations on which the new supranational right must be defined. Here is where the concept of Empire must struggle to establish itself, where it must prove its effectiveness, and hence where the machine must be set in motion. From this point of view, the biopolitical context of the new paradigm is completely central to our analysis. This is what presents power with an alternative, not only between obedience and disobe- dience, or between formal political participation and refusal, but also along the entire range of life and death, wealth and poverty, production and social reproduction, and so forth. Given the great difficulties the new notion of right has in representing this dimension of the power of Empire, and given its inability to touch biopower concretely in all its material aspects, imperial right can at best only partially represent the underlying design of the new constitution of world order, and cannot really grasp the motor that sets it in motion. Our analysis must focus its attention rather on the productive dimension of biopower.''

#### A2 Cosmo/borders K – the deconstruction of borders and nationalism is a capitalist project

Hardt and Negri 01 [Michael Hardt (American literary theorist and political philosopher) and Antonio Negri (Ph.D., is an Italian Marxist sociologist, scholar, revolutionary philosopher and teacher). “Empire.” 2001. Harvard University Press] AJ

As the world market today is realized ever more completely, it tends to deconstruct the boundaries of the nation-state. In a previous period, nation-states were the primary actors in the modern imperialist organization of global production and exchange, but to the world market they appear increasingly as mere obstacles. Robert Reich, former U.S. secretary of labor, is in an excellent position to recognize and celebrate the overcoming of national boundaries in the world market. He contends that "as almost every factor of production—money, technology, factories, and equipment— moves effortlessly across borders, the very idea of a [national] economy is becoming meaningless." In the future "there will be no national products or technologies, no national corporations, no na- tional industries. There will no longer be national economies, as least as we have come to understand that concept."18 With the decline of national boundaries, the world market is liberated from the kind of binary divisions that nation-states had imposed, and in this new free space a myriad of differences appears. These differences of course do not play freely across a smooth global space, but rather are regimented in global networks of power consisting of highly differentiated and mobile structures. Arjun Appadurai captures the new quality of these structures with the analogy of landscapes, or better, seascapes: in the contemporary world he sees finanscapes, technoscapes, ethnoscapes, and so forth.19 The suffix "-scape" allows us on the one hand to point to the fluidity and irregularity of these various fields and on the other to indicate formal commonalities among such diverse domains as finance, culture, commodities, and demography. The world market establishes a real politics of difference.

#### Generation is ontologically prior – orienting ourselves around desire of generation allows us to realize control over the political

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With the real subsumption of society under capital, social antagonisms can erupt as conflict in every moment and on every term of communicative production and exchange. Capital has be- come a world. Use value and all the other references to values and processes of valorization that were conceived to be outside the capitalist mode of production have progressively vanished. Subjec- tivity is entirely immersed in exchange and language, but that does not mean it is now pacific. Technological development based on the generalization of the communicative relationships of production is a motor of crisis, and productive general intellect is a nest of antagonisms. Crisis and decline refer not to something external to Empire but to what is most internal. They pertain to the production of subjectivity itself, and thus they are at once proper and contrary to the processes of the reproduction of Empire. Crisis and decline are not a hidden foundation nor an ominous future but a clear and obvious actuality, an always expected event, a latency that is always present. It is midnight in a night of specters. Both the new reign of Empire and the new immaterial and cooperative creativity of the multitude move in shadows, and nothing manages to illuminate our destiny ahead. Nonetheless, we have acquired a new point of reference (and tomorrow perhaps a new consciousness), which consists in the fact that Empire is defined by crisis, that its decline has always already begun, and that consequently every line of antago- nism leads toward the event and singularity. What does it mean, practically, that crisis is immanent to and indistinguishable from Empire? Is it possible in this dark night to theorize positively and define a practice of the event? Generation Two central impediments prevent us from responding to these questions immediately. The first is presented by the overbearing power of bourgeois metaphysics and specifically the widely propa- gated illusion that the capitalist market and the capitalist regime of production are eternal and insuperable. The bizarre naturalness of capitalism is a pure and simple mystification, and we have to disabuse ourselves of it right away. The second impediment is represented by the numerous theoretical positions that see no alternative to the present form of rule except a blind anarchic other and that thus partake in a mysticism of the limit. From this ideological perspective, the suffering of existence cannot manage to be articulated, become conscious, and establish a standpoint of revolt. This theoretical position leads merely to a cynical attitude and quietistic practices. The illusion of the naturalness of capitalism and the radicality of the limit actually stand in a relationship of complementarity. Their complicity is expressed in an exhausting powerlessness. The fact is that neither of these positions, neither the apologetic one nor the mystical one, manages to grasp the primary aspect of biopolitical order: its productivity. They cannot interpret the virtual powers of the multitude that tend constantly toward becoming possible and real. In other words, they have lost track of the fundamental produc- tivity of being. We can answer the question of how to get out of the crisis only by lowering ourselves down into biopolitical virtuality, enriched by the singular and creative processes of the production of subjectivity. How are rupture and innovation possible, however, in the absolute horizon in which we are immersed, in a world in which values seem to have been negated in a vacuum of meaning and a lack of any measure? Here we do not need to go back again to a description of desire and its ontological excess, nor insist again on the dimension of the "beyond." It is sufficient to point to the generative determina- tion of desire and thus its productivity. In effect, the complete commingling of the political, the social, and the economic in the constitution of the present reveals a biopolitical space that—much better than Hannah Arendt's nostalgic Utopia of political space— explains the ability of desire to confront the crisis.19 The entire conceptual horizon is thus completely redefined. The biopolitical, seen from the standpoint of desire, is nothing other than concrete production, human collectivity in action. Desire appears here as productive space, as the actuality of human cooperation in the construction of history. This production is purely and simply human reproduction, the power of generation. Desiring production is gen- eration, or rather the excess of labor and the accumulation of a power incorporated into the collective movement of singular essences, both its cause and its completion. When our analysis is firmly situated in the biopolitical world where social, economic, and political production and reproduction coincide, the ontological perspective and the anthropological per- spective tend to overlap. Empire pretends to be the master of that world because it can destroy it. What a horrible illusion! In reality we are masters of the world because our desire and labor regenerate it continuously. The biopolitical world is an inexhaustible weaving together of generative actions, of which the collective (as meeting point of singularities) is the motor. No metaphysics, except a deliri- ous one, can pretend to define humanity as isolated and powerless. No ontology, except a transcendent one, can relegate humanity to individuality. No anthropology, except a pathological one, can define humanity as a negative power. Generation, that first fact of metaphysics, ontology, and anthropology, is a collective mechanism or apparatus of desire. Biopolitical becoming celebrates this "first" dimension in absolute terms. Political theory is forced by this new reality to redefine itself radically. In biopolitical society, for example, fear cannot be em- ployed, as Thomas Hobbes proposed, as the exclusive motor of the contractual constitution of politics, thus negating the love of the multitude. Or rather, in biopolitical society the decision of the sovereign can never negate the desire of the multitude. If those founding modern strategies of sovereignty were employed today with the oppositions they determine, the world would come to a halt because generation would no longer be possible. For generation to take place, the political has to yield to love and desire, and that is to the fundamental forces of biopolitical production. The political is not what we are taught it is today by the cynical Machiavellianism of politicians; it is rather, as the democratic Machiavelli tells us, the power of generation, desire, and love. Political theory has to reorient itself along these lines and assume the language of generation. Generation is the primum of the biopolitical world of Empire. Biopower—a horizon of the hybridization of the natural and the artificial, needs and machines, desire and the collective organization of the economic and the social—must continually regenerate itself in order to exist. Generation is there, before all else, as basis and motor of production and reproduction. The generative connection gives meaning to communication, and any model of (everyday, philosophical, or political) communication that does not respond to this primacy is false. The social and political relationships of Empire register this phase of the development of production and interpret the generative and productive biosphere. We have thus reached a limit of the virtuality of the real subsumption of productive society under capital—but precisely on this limit the possibility of generation and the collective force of desire are revealed in all their power.

#### Biopower is dead. The new form of global sovereignty operates through capital by structuring territories and subjectivites

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The huge transnational corporations construct the fundamental connective fabric of the biopolitical world in certain important respects. Capital has indeed always been organized with a view toward the entire global sphere, but only in the second half of the twentieth century did multinational and transnational industrial and financial corporations really begin to structure global territories biopolitically. Some claim that these corporations have merely come to occupy the place that was held by the various national colonialist and imperialist systems in earlier phases of capitalist development, from nineteenth-century European imperialism to the Fordist phase of development in the twentieth century.19 This is in part true, but that place itself has been substantially transformed by the new reality of capitalism. The activities of corporations are no longer defined by the imposition of abstract command and the organization of simple theft and unequal exchange. Rather, they directly structure and articulate territories and populations. They tend to make nation- states merely instruments to record the flows of the commodities, monies, and populations that they set in motion. The transnational corporations directly distribute labor power over various markets, functionally allocate resources, and organize hierarchically the vari- ous sectors of world production. The complex apparatus that selects investments and directs financial and monetary maneuvers deter- mines the new geography of the world market, or really the new biopolitical structuring of the world.2" The most complete figure of this world is presented from the monetary perspective. From here we can see a horizon of values and a machine of distribution, a mechanism of accumulation and a means of circulation, a power and a language. There is nothing, no "naked life," no external standpoint, that can be posed outside this field permeated by money; nothing escapes money. Production and reproduction are dressed in monetary clothing. In fact, on the global stage, every biopolitical figure appears dressed in monetary garb. "Accumulate, accumulate! This is Moses and the Prophets!" The great industrial and financial powers thus produce not only commodities but also subjectivities. They produce agentic subjectivities within the biopolitical context: they produce needs, social relations, bodies, and minds—which is to say, they produce producers.22 In the biopolitical sphere, life is made to work for production and production is made to work for life. It is a great hive in which the queen bee continuously oversees production and reproduction. The deeper the analysis goes, the more it finds at increasing levels of intensity the interlinking assemblages of inter- active relationships.23

#### The alternative is to use a two pronged form of resistance that places the multitude as the starting point for a new subjectivity. First, we subvert hegemonic structures to reveal an ontological alternative. Second, we lead production of subjectivity towards this alternative

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We cannot be satisfied, however, with that political condemnation of modern power that relies on the historia rerum gestamm, the objective history we have inherited. We need to consider also the power of the res gestae, the power of the multitude to make history that continues and is reconfigured today within Empire. It is a question of transforming a necessity imposed on the multitude—a necessity that was to a certain extent solicited by the multitude itself throughout modernity as a line of flight from localized misery and exploitation—into a condition of possibility of liberation, a new possibility on this new terrain of humanity. This is when the ontological drama begins, when the curtain goes up on a scene in which the development of Empire becomes its own critique and its process of construction becomes the process of its overturning. This drama is ontological in the sense that here, in these processes, being is produced and reproduced. This drama will have to be clarified and articulated much further as our study proceeds, but we should insist right from the outset that this is not simply another variant of dialectical enlightenment. We are not proposing the umpteenth version of the inevitable passage through purgatory (here in the guise of the new imperial machine) in order to offer a glimmer of hope for radiant futures. We are not repeating the schema of an ideal teleology that justifies any passage in the name of a promised end. On the contrary, our reasoning here is based on two methodological approaches that are intended to be nondialectical and absolutely immanent: the first is critical and deconstructive, aiming to subvert the hegemonic languages and social structures and thereby reveal an alternative ontological basis that resides in the creative and productive practices of the multitude; the second is constructive and ethico-political, seeking to lead the processes of the production of subjectivity toward the constitution of an effective social, political alternative, a new constituent power.6 Our critical approach addresses the need for a real ideological and material deconstruction of the imperial order. In the postmod- ern world, the ruling spectacle of Empire is constructed through a variety of self-legitimating discourses and structures. Long ago au- thors as diverse as Lenin, Horkheimer and Adorno, and Debord recognized this spectacle as the destiny of triumphant capitalism. Despite their important differences, such authors offer us real antici- pations of the path of capitalist development/ Our deconstruction of this spectacle cannot be textual alone, but must seek continually to focus its powers on the nature of events and the real determina- tions of the imperial processes in motion today. The critical approach is thus intended to bring to light the contradictions, cycles, and crises of the process because in each of these moments the imagined necessity of the historical development can open toward alternative possibilities. In other words, the deconstruction of the historia rcruiit gestarutn, of the spectral reign of globalized capitalism, reveals the possibility of alternative social organizations. This is perhaps as far as we can go with the methodological scaffolding of a critical and materialist deconstructionism—but this is already an enormous contribution!8 This is where the first methodological approach has to pass the baton to the second, the constructive and ethico-political approach. Here we must delve into the ontological substrate of the concrete alternatives continually pushed forward by the res gestae, the subjec- tive forces acting in the historical context. What appears here is not a new rationality but a new scenario of different rational acts—a horizon of activities, resistances, wills, and desires that refuse the hegemonic order, propose lines of flight, and forge alternative con- stitutive itineraries. This real substrate, open to critique, revised by the ethico-political approach, represents the real ontological referent of philosophy, or really the field proper to a philosophy of liberation. This approach breaks methodologically with every philosophy of history insofar as it refuses any deterministic conception of historical development and any "rational" celebration of the result. It demonstrates, on the contrary, how the historical event resides in potentiality. "It is not the two that recompose in one, but the one that opens into two," according to the beautiful anti-Confucian (and anti-Platonic) formula of the Chinese revolutionaries/' Philosophy is not the owl of Minerva that takes flight after history has been realized in order to celebrate its happy ending; rather, philosophy is subjective proposition, desire, and praxis that are applied to the event.

#### A2 ID Politics – only class analysis of the poor solves

Hardt and Negri 01 [Michael Hardt (American literary theorist and political philosopher) and Antonio Negri (Ph.D., is an Italian Marxist sociologist, scholar, revolutionary philosopher and teacher). “Empire.” 2001. Harvard University Press] AJ

In each and every historical period a social subject that is ever-present and everywhere the same is identified, often negatively but nonetheless urgently, around a common living form. This form is not that of the powerful and the rich: they are merely partial and localized figures, quantitate signatae. The only non-localizable ^common name" of pure difference in all eras is that of the poor. The poor is destitute, excluded, repressed, exploited—and yet living! It is the common denominator of life, the foundation of the multitude. It is strange, but also illuminating, that postmodernist authors seldom adopt this figure in their theorizing. It is strange because the poor is in a certain respect an eternal postmodern figure: the figure of a transversal, omnipresent, different, mobile subject; the testament to the irrepressible aleatory character of existence. This common name, the poor, is also the foundation of every possibility of humanity. As Niccolo Machiavelli pointed out, in the ureturn to begin- nings" that characterizes the revolutionary phase of the religions and ideolo- gies of modernity, the poor is almost always seen to have a prophetic capacity: not only is the poor in the world, but the poor itself is the very possibility of the world. Only the poor lives radically the actual and present being, in destitution and suffering, and thus only the poor has the ability to renew being. The divinity of the multitude of the poor does not point to any transcendence. On the contrary, here and only here in this world, in the existence of the poor, is the field of immanence presented, confirmed, consoli- dated, and opened. The poor is god on earth. Today there is not even the illusion of a transcendent God. The poor has dissolved that image and recuperated its power. Long ago modernity was inaugurated with Rabelais's laugh, with the realistic supremacy of the belly of the poor, with a poetics that expresses all that there is in destitute humanity "from the belt on down." hater, through the processes of primitive accumulation, the proletariat emerged as a collective subject that could express itself in materiality and immanence, a multitude of poor that not only prophesied but produced, and that thus opened possibilities that were not virtual but concrete. Finally today, in the biopolitical regimes of production and in the processes ofpostmodernization, the poor is a subjugated, exploited figure, but nonetheless a figure of production. This is where the novelty lies. Everywhere today, at the basis of the concept and the common name of the poor, there is a relationship of production. Why are the postmodernists unable to read this passage? They tell us that a regime of transversal linguistic relations of production has entered into the unified and abstract universe of value. But who is the subject that produces "transversally," who gives a creative meaning to language—who if not the poor, who are subjugated and desiring, impoverished and powerful, always more powerful? Here, within this reign of global production, the poor is distinguished no longer only by its prophetic capacity but also by its indispensable presence in the production of a common wealth, always more exploited and always more closely indexed to the wages of rule. The poor itself is power. There is World Poverty, but there is above all World Possibility, and only the poor is capable of this. Vogelfrei, "bird free," is the term Marx used to describe the proletar- iat, which at the beginning of modernity in the processes of primitive accumulation was freed twice over: in the first place, it was freed from being the property of the master (that is, freed from servitude); and in the second place, it was "freed" from the means of production, separated from the soil, with nothing to sell but its own labor power. In this sense, the proletariat was forced to become the pure possibility of wealth. The dominant stream of the Marxist tradition, however, has always hated the poor, precisely for their being "free as birds," for being immune to the discipline of the factory and the discipline necessary for the construction of socialism. Consider how, when in the early 1950s Vittorio De Ska and Cesare Zavattini set the poor to fly away on broomsticks at the end of their beautiful film Miracle in Milan, they were so violently denounced for utopianism by the spokesmen of socialist realism. The Vogelfrei is an angel or an intractable demon. And here, after so many attempts to transform the poor into proletarians and proletarians into a liberation army (the idea of army weighed heavily on that of liberation), once again in postmodernity emerges in the blinding light of clear day the multitude, the common name of the poor. It comes out fully in the open because in postmodernity the subjugated has absorbed the exploited. In other words, the poor, ever)' poor person, the multitude of poor people, have eaten up and digested the multitude of proletarians. By that fact itself the poor have become productive. Even the prostituted body, the destitute person, the hunger of the multitude—all forms of the poor have become productive. And the poor have therefore become ever more important: the life of the poor invests the planet and envelops it with its desire for creativity and freedom. The poor is the condition of every production. The story goes that at the root of the postmodernist sensibility and the construction of the concept of postmodernism are those French socialist philosophers who in their youth celebrated factory discipline and the shining horizons of real socialism, but who became repentant after the crisis of1968 and gave up, proclaiming the futility of the pretense of communism to reappropriate social wealth. Today these same philosophers cynically decon- struct, banalize, and laugh at every social struggle that contests the universal triumph of exchange value. The media and the culture of the media tell us that those philosophers are the ones who recognized this new era of the world, but that is not true. The discovery of postmodernity consisted in the reproposition of the poor at the center of the political and productive terrain. What was really prophetic was the poor, bird-free laugh of Charlie Chaplin when, free from any Utopian illusions and above all from any discipline of liberation, he interpreted the "modern times}> of poverty, but at the same time linked the name of the poor to that of life, a liberated life and a liberated productivity.

#### A2 Localism - Communicability requires the recognition of a common enemy – it’s the reason each revolt and struggle fails. Recognizing the global nature of struggle is key to coalition building and sustenance

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We need to look more concretely at the form of the struggles in which this new proletariat expresses its desires and needs. In the last half-century, and in particular in the two decades that stretched from 1968 to the fall of the Berlin Wall, the restructuring and global expansion of capitalist production have been accompanied by a transformation of proletarian struggles. As we said, the figure of an international cycle of struggles based on the communication and translation of the common desires of labor in revolt seems no longer to exist. The fact that the cycle as the specific form of the assemblage of struggles has vanished, however, does not simply open up to an abyss. On the contrary, we can recognize powerful events on the world scene that reveal the trace of the multitude's refusal of exploi- tation and that signal a new kind of proletarian solidarity and mili- tancy. Consider the most radical and powerful struggles of the final years of the twentieth century: the Tiananmen Square events in 1989, the Intifada against Israeli state authority, the May 1992 revolt in Los Angeles, the uprising in Chiapas that began in 1994, and the series of strikes that paralyzed France in December 1995, and those that crippled South Korea in 1996. Each of these struggles was specific and based on immediate regional concerns in such a way that they could in no respect be linked together as a globally expanding chain of revolt. None of these events inspired a cycle of struggles, because the desires and needs they expressed could not be translated into different contexts. In other words, (potential) revolutionaries in other parts of the world did not hear of the events in Beijing, Nablus, Los Angeles, Chiapas, Paris, or Seoul and immediately recognize them as their own struggles. Further- more, these struggles not only fail to communicate to other contexts but also lack even a local communication, and thus often have a very brief duration where they are born, burning out in a flash. This is certainly one of the central and most urgent political paradoxes of our time: in our much celebrated age of communication, struggles have become all but incommunicable. This paradox of incommunicability makes it extremely difficult to grasp and express the new power posed by the struggles that have emerged. We ought to be able to recognize that what the struggles have lost in extension, duration, and communicability they have gained in intensity. We ought to be able to recognize that although all of these struggles focused on their own local and immediate circumstances, they all nonetheless posed problems of supranational relevance, problems that are proper to the new figure of imperial capitalist regulation. In Los Angeles, for example, the riots were fueled by local racial antagonisms and patterns of social and economic exclusion that are in many respects particular to that (post-)urban territory, but the events were also immediately catapulted to a general level insofar as they expressed a refusal of the post-Fordist regime of social control. Like the Intifada in certain respects, the Los Angeles riots demonstrated how the decline of Fordist bargaining regimes and mechanisms of social mediation has made the management of racially and socially diverse metropolitan territories and populations so precarious. The looting of commodi- ties and burning of property were not just metaphors but the real global condition of the mobility and volatility of post-Fordist social mediations.14 In Chiapas, too, the insurrection focused primarily on local concerns: problems of exclusion and lack of representation specific to Mexican society and the Mexican state, which have also to a limited degree long been common to the racial hierarchies throughout much of Latin American. The Zapatista rebellion, how- ever, was also immediately a struggle against the social regime imposed by NAFTA and more generally the systematic exclusion and subordination in the regional construction of the world mar- ket.1 Finally, like those in Seoul, the massive strikes in Paris and throughout France in late 1995 were aimed at specific local and national labor issues (such as pensions, wages, and unemployment), but the struggle was also immediately recognized as a clear contesta- tion of the new social and economic construction of Europe. The French strikes called above all for a new notion of the public, a new construction of public space against the neoliberal mechanisms of privatization that accompany more or less everywhere the project of capitalist globalization.Ui Perhaps precisely because all these strug- gles are incommunicable and thus blocked from traveling horizon- tally in the form of a cycle, they are forced instead to leap vertically and touch immediately on the global level. We ought to be able to recognize that this is not the appearance of a new cycle of internationalist struggles, but rather the emergence of a new quality of social movements. We ought to be able to recognize, in other words, the fundamentally new characteristics these struggles all present, despite their radical diversity. First, each struggle, though firmly rooted in local conditions, leaps immediately to the global level and attacks the imperial constitution in its general- ity. Second, all the struggles destroy the traditional distinction be- tween economic and political struggles. The struggles are at once economic, political, and cultural—and hence they are biopolitical struggles, struggles over the form of life. They are constituent strug- gles, creating new public spaces and new forms of community. We ought to be able to recognize all this, but it is not that easy. We must admit, in fact, that even when trying to individuate the real novelty of these situations, we are hampered by the nagging impression that these struggles are always already old, outdated, and anachronistic. The struggles at Tiananmen Square spoke a language of democracy that seemed long out of fashion; the guitars, head- bands, tents, and slogans all looked like a weak echo of Berkeley in the 1960s. The Los Angeles riots, too, seemed like an aftershock of the earthquake of racial conflicts that shook the United States in the 1960s. The strikes in Paris and Seoul seemed to take us back to the era of the mass factory worker, as if they were the last gasp of a dying working class. All these struggles, which pose really new elements, appear from the beginning to be already old and outdated—precisely because they cannot communicate, because their languages cannot be translated. The struggles do not communi- cate despite their being hypermediatized, on television, the Internet, and every other imaginable medium. Once again we are confronted by the paradox of incommunicability. We can certainly recognize real obstacles that block the communication of struggles. One such obstacle is the absence of a recognition of a common enemy against which the struggles are directed. Beijing, Los Angeles, Nablus, Chiapas, Paris, Seoul: the situations all seem utterly particular, but in fact they all directly attack the global order of Empire and seek a real alternative. Clarifying the nature of the common enemy is thus an essential political task. A second obstacle, which is really corollary to the first, is that there is no common language of struggles that could "translate" the partic- ular language of each into a cosmopolitan language. Struggles in other parts of the world and even our own struggles seem to be written in an incomprehensible foreign language. This too points toward an important political task: to construct a new common language that facilitates communication, as the languages of anti- imperialism and proletarian internationalism did for the struggles of a previous era. Perhaps this needs to be a new type of communica- tion that functions not on the basis of resemblances but on the basis of differences: a communication of singularities.

#### Traditional forms of struggle fail – understanding public discourses through the spectacle of public discourses and imagery comes first

Hardt and Negri 01 [Michael Hardt (American literary theorist and political philosopher) and Antonio Negri (Ph.D., is an Italian Marxist sociologist, scholar, revolutionary philosopher and teacher). “Empire.” 2001. Harvard University Press] AJ

The open field of struggle that seems to appear from this analysis, however, quickly disappears when we consider the new mechanisms by which these hybrid networks of participation are manipulated from above.21 In effect, the glue that holds together the diverse functions and bodies of the hybrid constitution is what Guy Debord called the spectacle, an integrated and diffuse apparatus of images and ideas that produces and regulates public discourse and opinion.22 In the society of the spectacle, what was once imagined as the public sphere, the open terrain of political exchange and participation, completely evaporates. The spectacle destroys any collective form of sociality—individualizing social actors in their separate automobiles and in front of separate video screens—and at the same time imposes a new mass sociality, a new uniformity of action and thought. On this spectacular terrain, traditional forms of struggle over the constitution become inconceivable. The common conception that the media (and television in particular) have destroyed politics is false only to the extent that it seems based on an idealized notion of what democratic political discourse, exchange, and participation consisted of in the era prior to this media age. The difference of the contemporary manipulation of politics by the media is not really a difference of nature but a difference of degree. In other words, there have certainly existed previously numerous mechanisms for shaping public opinion and public perception of society, but contemporary media provide enor- mously more powerful instruments for these tasks. As Debord says, in the society of the spectacle only what appears exists, and the major media have something approaching a monopoly over what appears to the general population. This law of the spectacle clearly reigns in the realm of media-driven electoral politics, an art of manipulation perhaps developed first in the United States but now spread throughout the world. The discourse of electoral seasons focuses almost exclusively on how candidates appear, on the timing and circulation of images. The major media networks conduct a sort of second-order spectacle that reflects on (and undoubtedly shapes in part) the spectacle mounted by the candidates and their political parties. Even the old calls for a focus less on image and more on issues and substance in political campaigns that we heard not so long ago seem hopelessly naive today. Similarly, the notions that politicians function as celebrities and that political campaigns operate on the logic of advertising—hypotheses that seemed radical and scandalous thirty years ago—are today taken for granted. Political discourse is an articulated sales pitch, and political participation is reduced to selecting among consumable images. When we say that the spectacle involves the media manipulation of public opinion and political action, we do not mean to suggest that there is a little man behind the curtain, a great Wizard of Oz who controls all that is seen, thought, and done. There is no single locus of control that dictates the spectacle. The spectacle, however, generally functions as //"there were such a point of central control. As Debord says, the spectacle is both diffuse and integrated. Conspiracy theories of governmental and extragovernmental plots of global control, which have certainly proliferated in recent decades, should thus be recognized as both true and false. As Fredric Jameson explains wonderfully in the context of contemporary film, conspir- acy theories are a crude but effective mechanism for approximating the functioning of the totality.23 The spectacle of politics functions as if the media, the military, the government, the transnational corporations, the global financial institutions, and so forth were all consciously and explicitly directed by a single power even though in reality they are not. The society of the spectacle rules by wielding an age-old weapon. Hobbes recognized long ago that for effective domination "the Passion to be reckoned upon, is Fear."24 For Hobbes, fear is what binds and ensures social order, and still today fear is the primary mechanism of control that fills the society of the spectacle.25 Although the spectacle seems to function through desire and plea- sure (desire for commodities and pleasure of consumption), it really works through the communication of fear—or rather, the spectacle creates forms of desire and pleasure that are intimately wedded to fear. In the vernacular of early modern European philosophy, the communication of fear was called superstition. And indeed the politics of fear has always been spread through a kind of superstition. What has changed are the forms and mechanisms of the superstitions that communicate fear. The spectacle of fear that holds together the postmodern, hybrid constitution and the media manipulation of the public and politics certainly takes the ground away from a struggle over the imperial constitution. It seems as if there is no place left to stand, no weight to any possible resistance, but only an implacable machine of power. It is important to recognize the power of the spectacle and the impossibility of traditional forms of struggle, but this is not the end of the story. As the old sites and forms of struggle decline, new and more powerful ones arise. The spectacle of imperial order is not an ironclad world, but actually opens up the real possibility of its overturning and new potentials for revolution.

### Zizek 12

#### Surplus value is distributed arbitrarily, but this is key to the system

Zizek 12 [Slavoj Zizek. “The Revolt of the Salaried Bourgeoisie.” London Review of Books, Vol. 34 No. 2 · 26 January 2012] AJ

This new bourgeoisie still appropriates surplus value, but in the (mystified) form of what has been called ‘surplus wage’: they are paid rather more than the proletarian ‘minimum wage’ (an often mythic point of reference whose only real example in today’s global economy is the wage of a sweatshop worker in China or Indonesia), and it is this distinction from common proletarians which determines their status. The bourgeoisie in the classic sense thus tends to disappear: capitalists reappear as a subset of salaried workers, as managers who are qualified to earn more by virtue of their competence (which is why pseudo-scientific ‘evaluation’ is crucial: it legitimises disparities). Far from being limited to managers, the category of workers earning a surplus wage extends to all sorts of experts, administrators, public servants, doctors, lawyers, journalists, intellectuals and artists. The surplus takes two forms: more money (for managers etc), but also less work and more free time (for – some – intellectuals, but also for state administrators etc).

The evaluative procedure used to decide which workers receive a surplus wage is an arbitrary mechanism of power and ideology, with no serious link to actual competence; the surplus wage exists not for economic but for political reasons: to maintain a ‘middle class’ for the purpose of social stability. The arbitrariness of social hierarchy is not a mistake, but the whole point, with the arbitrariness of evaluation playing an analogous role to the arbitrariness of market success. Violence threatens to explode not when there is too much contingency in the social space, but when one tries to eliminate contingency. In La Marque du sacré, Jean-Pierre Dupuy conceives hierarchy as one of four procedures (‘dispositifs symboliques’) whose function is to make the relationship of superiority non-humiliating: hierarchy itself (an externally imposed order that allows me to experience my lower social status as independent of my inherent value); demystification (the ideological procedure which demonstrates that society is not a meritocracy but the product of objective social struggles, enabling me to avoid the painful conclusion that someone else’s superiority is the result of his merit and achievements); contingency (a similar mechanism, by which we come to understand that our position on the social scale depends on a natural and social lottery; the lucky ones are those born with the right genes in rich families); and complexity (uncontrollable forces have unpredictable consequences; for instance, the invisible hand of the market may lead to my failure and my neighbour’s success, even if I work much harder and am much more intelligent). Contrary to appearances, these mechanisms don’t contest or threaten hierarchy, but make it palatable, since ‘what triggers the turmoil of envy is the idea that the other deserves his good luck and not the opposite idea – which is the only one that can be openly expressed.’ Dupuy draws from this premise the conclusion that it is a great mistake to think that a reasonably just society which also perceives itself as just will be free of resentment: on the contrary, it is in such societies that those who occupy inferior positions will find an outlet for their hurt pride in violent outbursts of resentment.

#### Revolutions are impossible for actual proletariat – only salaried workers, who are guaranteed jobs, can protest now

Zizek 12 [Slavoj Zizek. “The Revolt of the Salaried Bourgeoisie.” London Review of Books, Vol. 34 No. 2 · 26 January 2012] AJ

The notion of surplus wage also throws new light on the continuing ‘anti-capitalist’ protests. In times of crisis, the obvious candidates for ‘belt-tightening’ are the lower levels of the salaried bourgeoisie: political protest is their only recourse if they are to avoid joining the proletariat. Although their protests are nominally directed against the brutal logic of the market, they are in effect protesting about the gradual erosion of their (politically) privileged economic place. Ayn Rand has a fantasy in Atlas Shrugged of striking ‘creative’ capitalists, a fantasy that finds its perverted realisation in today’s strikes, most of which are held by a ‘salaried bourgeoisie’ driven by fear of losing their surplus wage. These are not proletarian protests, but protests against the threat of being reduced to proletarians. Who dares strike today, when having a permanent job is itself a privilege? Not low-paid workers in (what remains of) the textile industry etc, but those privileged workers who have guaranteed jobs (teachers, public transport workers, police). This also accounts for the wave of student protests: their main motivation is arguably the fear that higher education will no longer guarantee them a surplus wage in later life.

At the same time it is clear that the huge revival of protest over the past year, from the Arab Spring to Western Europe, from Occupy Wall Street to China, from Spain to Greece, should not be dismissed merely as a revolt of the salaried bourgeoisie. Each case should be taken on its own merits. The student protests against university reform in the UK were clearly different from August’s riots, which were a consumerist carnival of destruction, a true outburst of the excluded. One could argue that the uprisings in Egypt began in part as a revolt of the salaried bourgeoisie (with educated young people protesting about their lack of prospects), but this was only one aspect of a larger protest against an oppressive regime. On the other hand, the protest didn’t really mobilise poor workers and peasants and the Islamists’ electoral victory makes clear the narrow social base of the original secular protest. Greece is a special case: in the last decades, a new salaried bourgeoisie (especially in the over-extended state administration) was created thanks to EU financial help, and the protests were motivated in large part by the threat of an end to this.

### Zizek 07

#### Targeted demands are better – infinite demands upon the state will be met with dismissal

Zizek 07 [Slavoj Zizek. “Resistance is Surrender.” London Revie of Books, Vol. 29 No. 22 · 15 November 2007] AJ

The response of some critics on the postmodern Left to this predicament is to call for a new politics of resistance. Those who still insist on fighting state power, let alone seizing it, are accused of remaining stuck within the ‘old paradigm’: the task today, their critics say, is to resist state power by withdrawing from its terrain and creating new spaces outside its control. This is, of course, the obverse of accepting the triumph of capitalism. The politics of resistance is nothing but the moralising supplement to a Third Way Left.

Simon Critchley’s recent book, Infinitely Demanding, is an almost perfect embodiment of this position.​＊ For Critchley, the liberal-democratic state is here to stay. Attempts to abolish the state failed miserably; consequently, the new politics has to be located at a distance from it: anti-war movements, ecological organisations, groups protesting against racist or sexist abuses, and other forms of local self-organisation. It must be a politics of resistance to the state, of bombarding the state with impossible demands, of denouncing the limitations of state mechanisms. The main argument for conducting the politics of resistance at a distance from the state hinges on the ethical dimension of the ‘infinitely demanding’ call for justice: no state can heed this call, since its ultimate goal is the ‘real-political’ one of ensuring its own reproduction (its economic growth, public safety, etc). ‘Of course,’ Critchley writes,

history is habitually written by the people with the guns and sticks and one cannot expect to defeat them with mocking satire and feather dusters. Yet, as the history of ultra-leftist active nihilism eloquently shows, one is lost the moment one picks up the guns and sticks. Anarchic political resistance should not seek to mimic and mirror the archic violent sovereignty it opposes.

So what should, say, the US Democrats do? Stop competing for state power and withdraw to the interstices of the state, leaving state power to the Republicans and start a campaign of anarchic resistance to it? And what would Critchley do if he were facing an adversary like Hitler? Surely in such a case one should ‘mimic and mirror the archic violent sovereignty’ one opposes? Shouldn’t the Left draw a distinction between the circumstances in which one would resort to violence in confronting the state, and those in which all one can and should do is use ‘mocking satire and feather dusters’? The ambiguity of Critchley’s position resides in a strange non sequitur: if the state is here to stay, if it is impossible to abolish it (or capitalism), why retreat from it? Why not act with(in) the state? Why not accept the basic premise of the Third Way? Why limit oneself to a politics which, as Critchley puts it, ‘calls the state into question and calls the established order to account, not in order to do away with the state, desirable though that might well be in some utopian sense, but in order to better it or attenuate its malicious effect’?

These words simply demonstrate that today’s liberal-democratic state and the dream of an ‘infinitely demanding’ anarchic politics exist in a relationship of mutual parasitism: anarchic agents do the ethical thinking, and the state does the work of running and regulating society. Critchley’s anarchic ethico-political agent acts like a superego, comfortably bombarding the state with demands; and the more the state tries to satisfy these demands, the more guilty it is seen to be. In compliance with this logic, the anarchic agents focus their protest not on open dictatorships, but on the hypocrisy of liberal democracies, who are accused of betraying their own professed principles.

The big demonstrations in London and Washington against the US attack on Iraq a few years ago offer an exemplary case of this strange symbiotic relationship between power and resistance. Their paradoxical outcome was that both sides were satisfied. The protesters saved their beautiful souls: they made it clear that they don’t agree with the government’s policy on Iraq. Those in power calmly accepted it, even profited from it: not only did the protests in no way prevent the already-made decision to attack Iraq; they also served to legitimise it. Thus George Bush’s reaction to mass demonstrations protesting his visit to London, in effect: ‘You see, this is what we are fighting for, so that what people are doing here – protesting against their government policy – will be possible also in Iraq!’

It is striking that the course on which Hugo Chávez has embarked since 2006 is the exact opposite of the one chosen by the postmodern Left: far from resisting state power, he grabbed it (first by an attempted coup, then democratically), ruthlessly using the Venezuelan state apparatuses to promote his goals. Furthermore, he is militarising the barrios, and organising the training of armed units there. And, the ultimate scare: now that he is feeling the economic effects of capital’s ‘resistance’ to his rule (temporary shortages of some goods in the state-subsidised supermarkets), he has announced plans to consolidate the 24 parties that support him into a single party. Even some of his allies are sceptical about this move: will it come at the expense of the popular movements that have given the Venezuelan revolution its élan? However, this choice, though risky, should be fully endorsed: the task is to make the new party function not as a typical state socialist (or Peronist) party, but as a vehicle for the mobilisation of new forms of politics (like the grass roots slum committees). What should we say to someone like Chávez? ‘No, do not grab state power, just withdraw, leave the state and the current situation in place’? Chávez is often dismissed as a clown – but wouldn’t such a withdrawal just reduce him to a version of Subcomandante Marcos, whom many Mexican leftists now refer to as ‘Subcomediante Marcos’? Today, it is the great capitalists – Bill Gates, corporate polluters, fox hunters – who ‘resist’ the state.

The lesson here is that the truly subversive thing is not to insist on ‘infinite’ demands we know those in power cannot fulfil. Since they know that we know it, such an ‘infinitely demanding’ attitude presents no problem for those in power: ‘So wonderful that, with your critical demands, you remind us what kind of world we would all like to live in. Unfortunately, we live in the real world, where we have to make do with what is possible.’ The thing to do is, on the contrary, to bombard those in power with strategically well-selected, precise, finite demands, which can’t be met with the same excuse.

### Harvey 11

#### Continually accessible reserve labor army is kept accessible through manipulation of supply and demand for labor

Harvey 11 [Harvey, David (Distinguished Professor of Anthropology and Geography at the Graduate Center of the City University of New York). The enigma of capital: and the crises of capitalism. Profile Books, 2011. Print] AJ

Perpetual accumulation at a compound rate depends on the permanent availability of sufficient accessible reserves of labour power. What Marx calls ‘an industrial reserve army’ is therefore a necessary condition for the reproduction and expansion of capital. This reserve army needs to be accessible, socialised, disciplined and of the requisite qualities (i.e. flexible, docile, manipulable and skilled when necessary). If these conditions are not met, then capital faces a serious barrier to continuous accumulation. The dispossession of the mass of the population from direct access to the means of production (land in particular) releases labour power as a commodity into the market place. Marx’s account of so-called ‘primitive accumulation’ may be overdramatised and oversimplified but its essential truth is undeniable. Somehow or other the mass of a population has been put in a position of having to work for capital in order to live. Primitive accumulation did not end with the rise of industrial capitalism in Britain in the late eighteenth century. in the last thirty years, for example, some 2 billion wage labourers have been added to the available global workforce, through the opening- up of China and the collapse of communism in central and eastern Europe. all around the world the integration of rural and hitherto independent peasant populations into the workforces has occurred. Most dramatic of all has been the mobilisation of women, who now form the backbone of the global workforce. a massive pool of labour power for capitalist expansion is now available. Labour markets are, however, geographically segmented. a daily commuting time of four hours comes close to defining an outer limit for workers to get to their jobs on a daily basis. how far away four hours gets you depends, of course, on the speed and cost of transportation, but the inevitable geographical segmentation of labour markets means that questions of labour supply boil down to a series of local problems embedded in regional and state strategies, mitigated by migratory movements (of both capital and labour). The state becomes involved, inter alia, when it comes to immigration and labour laws (minimum wages, hours of work and regulation of the conditions of labour), the provision of social infrastructures (such as education, training and health care) that affect the qualities of labour supply and policies designed to maintain the reserve army (social welfare provision). Capitalists can manage and circumvent the potential limits of labour supply, even in local contexts, in a variety of ways. Some expansion can be had through population growth (and in some instances pro-natalist policies on the part of the state, such as subsidies to large families in France, have had a definite impact upon labour supply conditions to the advantage of capital). There is, in fact, a very general relation between compound population growth and compounding capital accumulation. The astonishing growth performance of capitalism in China after 1980 depended, for example, on the radical reduction of infant mortality in the Mao years that later resulted in a massive young labour force clamouring for employment. In the absence of increasing productivity, accumulation leads to relatively full employment of local labour resources. Scarcity of labour means increasing wages. Either wages continue to rise in such a way as to not interfere with the increasing mass of accumulation (because more labourers are employed) or accumulation slows along with the demand for labour, thus pushing wages down. On occasion, capitalists in effect go on strike, refusing to reinvest because higher wages are cutting into profitability. The hope is that the resultant unemployment will rediscipline labour to accept a lower wage rate. While such instances of ‘capital strike’ can be identified (the ‘Reagan recession’ of 1980–82, when unemployment rose to more than 10 per cent, had some of this quality to it), there are other more advantageous ways for capital to address problems of labour scarcity. Labour-saving technologies and organisational innovations can throw people out of work and into the industrial reserve. The result is a ‘floating’ army of laid-off workers whose very existence puts a downward pressure on wages. Capital simultaneously manipulates both the supply of and demand for labour.

### Hardt and Negri 12

## Neolib

### To Read

#### Poststructuralism

Barnett, C., 2005. The consolations of ‘neoliberalism’. Geoforum 36, 7–12.

### Useful Cards

#### Neoliberalism guarantees structural inequality and poverty

Sachikonye 10 [Tawanda Sachikonye. “A Foucauldian Critique of Neo-liberalism.” A thesis submitted in partial fulfilment of the requirements for the degree of: MASTERS IN POLITICS Of RHODES UNIVERSITY. January 2010] AJ

Capitalism can be defined as a form of social and economic organization in which two fundamental properties are present; the first is the class structure which is determined by the private ownership of the ̳means of production‘, in which the majority of people earn a living by selling their capacity to work in the ̳labour market‘ (Wright, 2006: 100). The second fundamental property that characterizes capitalism is economic coordination organized through ̳decentralized market exchange‘ (Wright, 2006: 100). Wright notes that ―[c]apitalism is not simply a ̳free market economy‘; it is a market economy with a particular form of class relations‖ (2006: 100). Wright explains that historically capitalism is one of the ̳most powerful‘ and fundamental economic systems ever established in terms of its capacity to develop technological advances and stimulate economic growth (Wright, 2006: 100). The dominance of capitalism is highlighted in part by how it has endured over a number of centuries and is the established economic system that facilitates international trade through its current form, that is, neo-liberalism. Robinson claims that neo-liberalism is essentially the new transnational phase of capitalism that displaces the national phase of capitalism as a social system‘ (2007: 18). In the transnational phase of capitalism, capital is able to attain a global mobility‘ which transforms class and social relations worldwide (Robinson, 2007: 18). According to Robinson, the current era of capitalism, that of ̳global capitalism‘ or neo- liberalism, has succeeded the capitalist epoch of corporate or ̳monopoly‘ capitalism (2007: 16). Thus, neo-liberalism has become hegemonic. Two particular characteristics mark neo- liberalism, firstly: ―[a] global and regulatory structure to facilitate emerging globalized circuits of accumulation is being created (the World Trade Organization, etc.)‖ (Robinson, 2007: 19) and secondly: ―[t]he neo-liberal model has swept the planet. This model seeks to create the conditions for the free operation of capital both within and across borders, to harmonize the conditions under which trans-border accumulation circuits can operate and to create a single, unified field for global capitalism‖ (Robinson, 2007: 19). We have already given an account of the central features of neo-liberalism. One result of this analysis is the idea that the dynamics of capitalistic growth‘ inherent within neo-liberalism ̳systematically generate‘ escalating concentrations of wealth and privilege‘ whilst augmenting the ―pools of deprivation, marginalization, and poverty‖ both on a national and global scale (Wright, 2006: 100). Harvey writes:d ―...Marx shows that the closer a society conforms to a deregulated free market economy, the more the asymmetry of power between those who own and those excluded from ownership of the means of production will produce an accumulation of wealth at one pole‘ and an ̳accumulation of misery, agony of toil, slavery, ignorance, brutality, mental degradation at the opposite pole‖ (2006: xi).

#### Neoliberalism has destroyed politics – the culture of the production response to problems depoliticizes social and political issues into ones of private, marketable solutions

Brown 6 [Brown, Wendy. "American Nightmare Neoliberalism, Neoconservatism, and De-Democratization." Political theory 34.6 (2006): 690-714.] AJ

As neoliberalism converts every political or social problem into market terms, it converts them to individual problems with market solutions. Examples in the United States are legion: bottled water as a response to con- tamination of the water table; private schools, charter schools, and voucher systems as a response to the collapse of quality public education; anti-theft devices, private security guards, and gated communities (and nations) as a response to the production of a throwaway class and intensifying economic inequality; boutique medicine as a response to crumbling health care provi- sion; “V-chips” as a response to the explosion of violent and pornographic material on every type of household screen; ergonomic tools and technolo- gies as a response to the work conditions of information capitalism; and, of course, finely differentiated and titrated pharmaceutical antidepressants as a response to lives of meaninglessness or despair amidst wealth and freedom. This conversion of socially, economically, and politically produced problems into consumer items depoliticizes what has been historically produced, and it especially depoliticizes capitalism itself. Moreover, as neoliberal political rationality devolves both political problems and solutions from public to private, it further dissipates political or public life: the project of navigating the social becomes entirely one of discerning, affording, and procuring a personal solution to every socially produced problem. This is depoliticization on an unprecedented level: the economy is tailored to it, citizenship is organized by it, the media are dominated by it, and the politi- cal rationality of neoliberalism frames and endorses it. Thus, the much-discussed commitment of neoliberalism to “privatization” has ramifications that exceed the outsourcing of police forces, prisons, welfare, militaries, and schools on one side, and the corporate buyout of public endeavors and institutions on the other. Privatization as a value and practice penetrates deep into the culture and the citizen-subject. If we have a problem, we look to a product to solve it; indeed, a good deal of our lives is devoted to researching, sharing, procuring, and upgrading these solutions. At the same time, as a quick tour of any “public” university or an hour of lis- tening to “public” radio makes clear, distinct thresholds between the corpo- rate and public domains are eroding, leaving only occasional conflict of interest violations, fought out at relatively legalistic levels, in their wake.

#### Turn – their emphasis on absolute rather than relative prosperity obscures escalating inequality and the rising enforcement of a neoliberal global order

Springer 08 [Simon Springer (Department of Geography, University of British Columbia). “The nonillusory effects of neoliberalisation: Linking geographies of poverty, inequality, and violence.” Geoforum 39 (2008) 1520–1525] AJ

Neoliberals are quick to point out how absolute poverty has declined under the global neoliberal regime, a claim that may or may not actually be tenable (Wade, 2004). Regardless of this assertion, following Rapley (2004) we can view the global neoliberal regime as inherently unstable because it assumes that absolute rather than relative pros- perity is the key to contentment, and while absolute pov- erty may have declined under neoliberalism, relative inequality has risen (Uvin, 2003). Building on this notion, Rapley (2004) suggests the events of 11 September 2001 were a symbolic moment of crisis, where those on the ‘los- ing end’ of the neoliberal regime’s unequal distribution made their discontent with systemic poverty and glaring inequality emphatically clear (see also Tetreault, 2003; Uvin, 1999, who suggest similar expressions of resentment ultimately led to the Rwandan genocide). The response in the wake of this tragedy has been escalated violence under the auspice of what Harvey (2003) calls the ‘New Imperial- ism’ led by the current Bush administration. Contra Lar- ner’s (2003) claim that this new military might is anything but neoliberal in character, the rhetorical ‘war on terror’ currently being waged by the Bush regime uses militarism to enforce the neoliberal order most overtly in those spaces where the geostrategic imperative for oil con- verge with the failure of Wall Street-Treasury-IMF com- plex (Wade, 1998) economic prescriptions, namely in Afghanistan and Iraq (Gregory, 2004; Harvey, 2003). Uni- ted States military power thus serves as a bulwark for enforcement of an American concept of ‘new world order’ (i.e. neoliberalism-cum-Pax Americana) which as a renewed strategy of accumulation by dispossession is shared to varying degrees by other governments, particu- larly members of the G8 (Cox, 2002).

#### A2 Post-neolib: Even if shit’s localized, we should consider global linkages to motivate political action instead of descending into academic squabbles that surrender power to the Right

Springer 08 [Simon Springer (Department of Geography, University of British Columbia). “The nonillusory effects of neoliberalisation: Linking geographies of poverty, inequality, and violence.” Geoforum 39 (2008) 1520–1525] AJ

While it may be true in some specific instances (let’s not suddenly forget plurality!) that ‘‘academic critics are made to feel important if the object of their animus appears to be hegemonic, global, and powerful: something that demands urgent critical scrutiny. It is far less glamorous and ‘sexy’ to have constantly to describe one’s objects of analysis as multiple, complex, and varied through time and space” (Cas- tree, 2006: 5). Yet it could also be argued that the ‘sexiest’ position of all is that which seeks to secure a space and establish the framework for the next major ‘post’ in academia. By leading the ‘post-neoliberalism’ charge, Barnett and Castree will almost certainly make waves, which is not to attribute shallow careerism to either scholar, but to question the potentially unreflective allure such a new posi- tion might have among geographers and within the wider academy. My sense is the ‘post-neoliberalism’ sentiment reveals more about the sociology of critical human geogra- phy and its constant appeal to novelty than it does about the world outside. Nonetheless, while Castree’s (2006) com- mentary is aimed at pale imitations of neoliberalisation arguments by raising questions about how case study research is operationalied and envisaged using a neoliberal- ism-as-monolithism interpretation (see also Castree, 2005), I suspect these subtleties may be lost on many observers. Thus, the point I want to make is that should an injudi- cious ‘post-neoliberalism’ position pick up steam among leftist scholars, this may be at the expense of giving those on the academic Right even more room to manoeuvre as they continue to define their own terms of reference in lin- ear and modally uncomplicated ways. This is not to say that the Left should follow suit in such over simplification. However, if leftist scholars are content to ruminate end- lessly about slight differences in definition, scalar applica- bility, and the usefulness of a ‘both/and’ agenda vis-a`-vis neoliberalism without ever getting around to the vital work of thinking about how we might link ‘local’ expressions of violence to a bigger conversation concerning impoverish- ment and socioeconomic disparity, a discussion which Cas- tree (2006: 6) quite surprisingly informs us is only ‘‘apparently important”,1 I worry that the Left’s position in academia and its ability to influence policy will wane even further than it already has in the years since 11 Sep- tember 2001. By relating our ‘local’ accounts into ‘larger’ political and economic strategies such as neoliberalism/ neoliberalisation, scholars are offered a potential way for- ward in identifying and understanding the nonillusory ‘local’ and ‘everyday’ effects, which need to be explored more thoroughly, particularly as regards violence. In doing so we offer counter to the vengeful Orientalism of Hunting- ton’s (1996) ‘Clash of Civilizations and the Remaking of World Order’, Kaplan’s (2000) ‘The Coming Anarchy’, and similar rightist treatises, which posit violence as little more than the aberrance of backward cultures while failing to consider how ‘global’ conditions often exacerbate the circumstances that give rise to ‘local’ expressions of vio- lence. By omitting political and economic interests and contexts – however hybrid, variegated, and amorphous they may be – when describing violence, and in presenting violence as exclusively a result of traits embedded in local cultures, such Orientalist imaginaries feed into hegemonic stratagems that legitimise continuous (neo)colonial pro- jects (Tuastad, 2003).

### Topical Version Cards

#### Wage repression gave rise to shadow banking and opaque, totally unregulated markets

Harvey 11 [Harvey, David (Distinguished Professor of Anthropology and Geography at the Graduate Center of the City University of New York). The enigma of capital: and the crises of capitalism. Profile Books, 2011. Print] AJ

The successful politics of wage repression after 1980 allowed the rich to get much richer. We are told that this is good because the rich will invest in new activity (after first satisfying their competitive urge to indulge in conspicuous consumption, of course). Well, yes, they do invest, but not necessarily directly in production. Most of them prefer to invest in asset values. For example, they put money in the stock market and stock values go up, so they put even more money in the stock market, irrespective of how well the companies they invest in are actually doing. (remember those predictions in the late 1990s of the dow at 35,000?) The stock market has a Ponzi-like character even without the Bernie Madoffs of this world explicitly organising it so. The rich bid up all manner of asset values, including stocks, property, resources, oil and other commodity futures, as well as the art market. They also invest in cultural capital through sponsorship of museums and all manner of cultural activities (thus making the so-called ‘cultural industries’ a favoured strategy for urban economic development). When Lehman Brothers tanked, the Museum of Modern art in New york lost a third of its sponsorship income. Strange new markets arose, pioneered within what became known as the ‘shadow banking’ system, permitting investment in credit swaps, currency derivatives, and the like. The futures market embraced everything from trading in pollution rights to betting on the weather. These markets grew from almost nothing in 1990 to circulating nearly $250 trillion by 2005 (total global output was then only $45 trillion) and maybe as much as $600 trillion by 2008. investors could now invest in derivatives of asset values and ulti- mately even in derivatives of insurance contracts on derivatives of asset values. This was the environment in which hedge funds flour- ished, with enormous profits for those who invested in them. Those who managed them amassed vast fortunes (more than $1 billion in personal remuneration a year for several of them in 2007 and 2008, and as much as $3 billion for the top earners). The trend towards investment in asset values became widespread. From the 1980s onwards reports have periodically surfaced suggest- ing that many large non-financial corporations were making more money out of their financial operations than they were out of making things. This was particularly true in the auto industry. These corpo- rations were now run by accountants rather than by engineers and their financial divisions dealing in loans to consumers were highly profitable. General Motors acceptance Corporation soon became one of the largest private holders of property mortgages, as well as a lucrative business financing car purchases. But even more impor- tantly, the internal trading within a corporation producing auto parts all over the world allowed prices and profit statements to be manipu- lated across currencies in such a way as to both declare profits in those countries where the tax rates were lowest and to use currency fluctuations in themselves as a means to make monetary gains. But to protect themselves, the corporations also had to hedge against potential losses from unexpected shifts in exchange rates. The breakdown in 1973 of the fixed exchange rate system of the 1960s meant the rise of a more volatile currency exchange system. a new currency futures market formed in the 1970s in Chicago, but it was organised around strict rules of the game. Then, towards the end of the 1980s, to offset the volatility, the practice of hedging (placing two-way bets on currency futures) became more common. an ‘over the counter’ market arose outside of the regulatory framework and the rules of the exchanges. This was the kind of private initiative that led to an avalanche of new financial products in the 1990s – credit default swaps, currency derivatives, interest rate swaps, and all the rest of it – which constituted a totally unregulated shadow banking system in which many corporations became intense players. if this shadow system could operate in New york, then why not also in London, Frankfurt, Zurich and Singapore? and why confine the activity to banks? Enron was supposed to be about making and distributing energy but it increasingly merely traded in energy futures and when it went bankrupt in 2002 it was shown to be nothing but a derivatives trading company that had been caught out in high-risk markets. Since what happened appears incredibly opaque, let me recount an anecdote to illustrate. having had some success trading currency futures at investment bank Salomon Brothers, a 29-year-old, andy Krieger, joined Bankers Trust in 1986 just in time for the ‘Big Bang’. he found a neat mathematical way to price currency options to make a profit. he also managed to manipulate the market by placing an option to buy a large quantity of currency at some future date, which lured other traders into buying up the currency as fast as they could. Krieger would then sell them the currency he held at the rising price before cancelling his option. he lost the deposit on the option, of course, but made a mint on selling the currency at a profit. This could happen because the trades were ‘over the counter’ (i.e. privately contracted and outside of the framework of the Chicago currency futures exchange). Krieger placed huge bets – on one occasion betting the whole value of the New Zealand kiwi (which sent the New Zealand government into a panic) – and came off making around $250 million in 1987, a financial crisis year in which the rest of Bankers Trust made losses. he had, it appeared, single-handedly kept Bankers Trust afloat. he had been promised a 5 per cent bonus, which at that time would have been enormous, so when he received a mere $3 million he resigned ‘on principle’. Meanwhile, Bankers Trust, without checking his figures, put out reassuring statements on its profitability to prop up its share value. Krieger’s figures turned out to be faulty by $80 million but, rather than admit its profitability had disappeared, the bank tried all manner of ‘creative’ accounting practices to cover over the discrepancy before finally having to admit that it had been wrong. Notice the elements in this tale. First, unregulated over-the- counter trading permits all sorts of financial innovation and shady practices which nevertheless make a lot of money. Secondly, the bank supports such practices, even though they don’t understand them (the mathematics in particular), because they are often so profitable relative to their core business and hence improve share value. Third, creative accounting enters the picture, and fourth, the valuation of assets for accounting practices is extremely uncertain in volatile markets. Lastly, it was driven by a young trader who had skills that seemed to put him in a league of his own. Frank Partnoy, in his account of all this, Infectious Greed (published, it should be noted, in 2003), writes: in just a few years, regulators had lost what limited control they had over market intermediaries, market intermediaries had lost what lim- ited control they had over corporate managers, and corporate man- agers had lost what limited control they had over employees. This loss-of-control daisy chain had led to exponential risk-taking at many companies, largely hidden from public view. Simply put, the appear- ance of control in financial markets was a fiction. As asset values were bid up, so this carried over to the whole economy. Stocks were one thing but property was another. To buy or even live in Manhattan became all but impossible unless you went incredibly into debt. Everyone was caught up in this inflation of asset values, including the working classes whose incomes were not rising. if the super rich could do it, why not a working person who could buy into a house on easy credit terms and treat that house as a rising value aTM machine to cover health care emergencies, send the kids to college or take a Caribbean cruise? But inflation in asset values cannot go on for ever. Now it is the turn of the United States to experience the pain of falling asset values, even as US policy makers do their level best to export their perverse version of capitalism to the rest of the world.

#### Stagnation in real wages forced skyrocketing household debt and an economy growing entirely on credit

Harvey 11 [Harvey, David (Distinguished Professor of Anthropology and Geography at the Graduate Center of the City University of New York). The enigma of capital: and the crises of capitalism. Profile Books, 2011. Print] AJ

The gap between what labour was earning and what it could spend was covered by the rise of the credit card industry and increasing indebtedness. in the US in 1980 the average household owed around $40,000 (in constant dollars) but now it’s about $130,000 for every household, including mortgages. household debt sky-rocketed, but this required that financial institutions both support and promote the debts of working people whose earnings were not increasing. This started with the steadily employed population, but by the late 1990s it had to go further because that market was exhausted. The market had to be extended to those with lower incomes. Political pressure was put on financial institutions like Fannie Mae and Freddie Mac to loosen the credit strings for everyone. Financial institutions, awash with credit, began to debt-finance people who had no steady income. if that had not happened, then who would have bought all the new houses and condominiums the debt-financed property developers were building? The demand problem was temporarily bridged with respect to housing by debt-financing the developers as well as the buyers. The financial institutions collectively controlled both the supply of, and demand for, housing!

The same story occurred with all forms of consumer credit on everything from automobiles and lawnmowers to loading down with Christmas gifts at Toys ‘r’ Us and Wal-Mart. all this indebtedness was obviously risky, but that could be taken care of by the wondrous financial innovations of securitisation that supposedly spread the risk around and even created the illusion that risk had disappeared. Fictitious financial capital took control and nobody wanted to stop it because everyone who mattered seemed to be making lots of money. in the US, political contributions from Wall Street soared. remember Bill Clinton’s famous rhetorical question as he took office? ‘you mean to tell me that the success of the economic program and my re-election hinges on the Federal reserve and a bunch of fucking bond traders?’ Clinton was nothing if not a quick learner.

### Recuts

#### Neoliberalism seeks to enclose the commons and appropriate them for the market, destroying alternate modes of politics and furthering militarism.

Biljoy 2009, C.R., “Beyond Resistance And Cooption” Z-Net Magazine, online

It is not the ‘tragedy of the commons' . .. mediated militaristic enclosures.

#### Neoliberalism systemically conceals the countless acts of violence necessary to maintain private property and unequal wealth. We must seek to emancipate ourselves or be doomed to a future of ensuing violence.

Springer 08 (Simon Springer, Department of Geography, University of British Columbia, “The nonillusory effects of neoliberalisation: Linking geographies of poverty, inequality, and violence,” July 2008, Geoforum, vol. 39 issue 4, pages 1520 – 1525)

Furthermore, if conditions … future of ensuing violence.

#### Neoliberal enclosure commodifies all aspects of human life, futhering patriarchy, poverty, and ecological crisis

Johnston 03, Josée, Associate Professor of Sociology at the University of Toronto,Capitalism, Nature, Socialism, “Who Cares about the Commons?” December 2003

Through the concept of the civil commons it is possible to identify, and connect disparate elements that serve a primary purpose of ensuring access to life goods.58McMurtry cites an extensive list of elements of the civil commons that includes public goods such as universal health care, shareware, universal education, sewers and sanitation systems, pollution controls, garbage collection, community fish-habitats, and public streetscape~.T~h~e goal of these civil commons is not to maximize money, but to maximize access to life goods; this "life code" stands in stark opposition to the hegemonic "money code," as expressed in the equation of capitalist expansion, M- C-M'.60 Civil commons discourse is echoed in feminist political economy, where it is noted that human labors in the "subsistence economy" of reproduction - including the feeding and nurturing of children, workers, and families - have always been about nurturing life.61As Mies and Vennhold-Thomsen write:

there exists a different conception of "economy," which is both older and younger than the capitalist patriarchal one which is based on the ongoing colonization of women, of other peoples, and nature. This "other" economy puts life and everything necessary to produce and maintain life on this planet at the center of economic and social activity and not the never-ending accumulation of dead money.62

The civil commons emphasis on "life goods" re-focuses analytic attention on questions of human sustenance and biospheric capacity needed to meet human needs. These questions are frequently dismissed as unfashionable in contemporary academic circles, even while millions face hunger, food deficits,-and water shortages. While these practical questions remain politically critical, any analysis of their promotion through a civil commons must be historicized and contextualized to avoid- ahistorical, and ethnocentric discussions on human needs. This makes it critical to understand more specifically how the civil and natural commons have been enclosed under late capitalism. This enclosure has encouraged a rigid separation of the natural and social worlds, and is connected to the development of minimalist, and impoverished conceptualization of the commons as a limited sphere outside private property, or a realm of global resources best managed by elite global experts. These discursive struggles will be addressed in the next two sub-sections. This is followed by a discussion that fills out details of this competing discourse of the civil commons: on what scales does it operate, what are the strengths and limits of local commons, and where is agency located?

A. Enclosing the commons

How have the life generating capacity and traditions of the civil and natural commons been enclosed, and why do they need to be reclaimed? Disparate global movements share a defense against capitalist enclosure of the commons, understood as "extinction, with or without a physical fencing of land, of common and customary use rights on which many people depended for their li~elihood."While in early English capitalism the enclosure of common grazing land dispossessed the rural poor, forcing them into factory labor, contemporary enclosure can be conceived broadly and metaphorically, referring to both an ethical and a material enclosure.64With enclosure, the means of life are increasingly regulated through the market, rather than through community-based or family-based means of provisioning. Enclosure is not simply about the extension of private property, and is characteristic of not just capitalism, but modernity more generally; it represents both a property space and a moral space that extends the colonization of modern forms of control, commodification and instrumental rationality to increasing domainsof the lifeworld.

The phenomenon of enclosure under globalized capitalism obeys a similar dynamic to that of classic English capitalism, but with an intensification that threatens to exhaust the social and natural substratum (otherwise conceived as a civil and natural commons) on which all human life depends.66As a report from the International Forum on Globalization notes, the "more essential the good or service in question to the maintenance of life, the greater its potential for generating monopoly profits and the more attractive its ownership and control becomes to global corporation^."^^ Contemporary enclosure expands to establish commodity rights to water, the genetic structure of living beings, indigenous knowledge, and plants through processes of bio-prospecting. Through enclosure, the hegemonic instrumental rationality of modern science dominates moral-practical and aesthetic rationality, at the same time marketization regulates increasing domains of social life. Wendell Berry refers to this enclosure process as creating a "total economy," where all life forms are potential commodities, characterized by the "unrestrained taking of profits from the disintegration of nations, communities, households, landscapes, and ￼ecosystem^."^^ Intensified capital accumulation requires heightened control of reproductive resources, and when resources are held in common - as is still the case in many areas of the globe and in fundamental aspects of reproductive labor - this necessarily involves a process of dispossession, expropriation, and extinction of collective use rights and civil commons traditions.

Even though the civil commons are indispensable contributors to the survival of human life, the ideology of the capitalist money sequences makes these contributions invisible and perpetuates an illusion of infinite commodification and perpetual growth. Complex societies are reduced to economies, a shift which "undermines a society's capacity to secure well-being without joining unconditionally the economic race."69 Feminist economists have identified the invisibility of women's reproductive labor in traditional accounting mechanisms, where depletion of natural resources (e.g., deforestation, an oil spill, fossil-fuel usage) is actually referred to as a "gain" in terms of the hegemonic capitalist logic.70Yet outside the national accounting measures, competing data sources demonstrate an inverse relationship between the maximization of capital accumulation, and the degradation

of life in the civil and natural ￼ A comprehensive study of "ecological overshoot," for example, published in the Proceedings of the National Academy of Sciences (written by a "who's who" of ecologists and economists), conservatively calculated that since the

1980s, humans have been taking more resources from the planet than it can replenish; by 2002 humans were using 125 percent of the earth's ￼potential biological productivity. Yet with continued discursive prominence given to economic growth, and the lack of a popular vocabulary to identity how the civil commons are required to preserve access to life goods, the losses incurred by capitalist enclosure are obscured from the dominant public sphere. McMurtry writes:

society's life-ground of reproduction has been effectively lost in a conceptual amnesia. At the root of the blindness is a dominant economic paradigm which has no life coordinates in its econometrics of input and output revenues. While its ruling value of monetized growth escalates velocities and volumes of private money demand and strip-mines ecosystems and domestic economies across the planet, its value calculus cannot discern any problem.73

#### Such structural violence dwarfs the violence caused by war.

Fischer and Brauer 02 (Dietrich Fischer, Pace University, and Jurgen Brauer, Augusta State University, Georgia, “Twenty Questions for Peace Economics: A Research Agenda,” Defence and Peace Economics, April 2002,http://www.aug.edu/~sbajmb/paper-DPE.PDF)

Poverty andhigh unemployment … How can we reduce it?

#### Two Impacts

#### First, The reduction of all existence to nothing more than an epiphenomenal trace of an ontologically functioning market eradicates both the value of life and life itself.

Dillon 99, Michael, Professor of Politics and International Relations – University of Lancaster, “Another Justice”, Political Theory, 27(2), April, p. 164-165

Quite the reverse. The subject was … constitutive of the human way of being.

#### Second, this neoliberal world operates under the kill to save mentality which has been the underlying logic of massive violence from colonialismto the World Wars

Santos 03,director, Center for Social Studies, U Coimbra,Collective Suicide? Bad Subjects, no 63, http://eserver.org/bs/63/santos.html

According to Franz Hinkelammert, the West … turns into a machine of horror and destruction.

The commons

#### Treating space as a global commons is the best policy to rectify social inequities on Earth –private ownership would simply cause a cosmic crisis of society and environment.

Dickens 10 (Peter Dickens, “The Humanization of the Cosmos—To What End?” 1 November 2010, Monthly Review,http://monthlyreview.org/2010/11/01/the-humanization-of-the-cosmos-to-what-end)

But humanizing outer … crises on a cosmic scale.

#### Advocating the commons is essential to break down the system of private property that oppresses the multitude –we take the essential first steps in resistance.

Blomley 07, Nicholas Blomley, “Critical geography: anger and hope,” 2007, Progress in Human Geography,http://phg.sagepub.com/content/31/1/53

Such scholarship reflects a form of … the probability of frustration’ (p. 241).

#### Our discursive focus on commons unites existing global movements against neoliberalism. Only a discussion of the application of commons can supplant the hegemonic discourse that serves to obfuscate focus on the structural inequalities and violence inherent in neoliberal ideology

Johnston 04

While the sustainability..........embrace sustainable development

### A2 Cap K – Cites

a. Capitalism is inevitable—the alternative strengthens the hand of the right by alienating moderates

Wilson, 2000 (John K, coordinator of the Independent Press Association’s Campus Journalism Project, How the Left can Win Arguments and Influence People, pages 14-17)

Capitalism is far too ingrained in American life to eliminate. ..... (which may be a blessing, given the way it communicates) and tries to sell copies of the Socialist Worker to an uninterested public.

b. The alt causes right wing takeover – this makes capitalism and all of their impacts inevitable

Lewis, 1992 (Martin, Professor of Geography at George Washington University and recovered eco-radical, Green Delusions)

If, in the event of extraordinary crisis, the center does fold, ...... leading it into a truly nightmarish world.

Lack of a specific policy for the alternative makes cap inevitable

Kilman 4, Professor of Economics, Pace University NY, (Andrew, “Alternatives to Capitalism: What Happens After the Revolution?” September 5)

According to a long-standing view in the movement, it is not possible. ...... the challenges from below require us to proceed on its basis.

2. Turn - Space

a. Cap key to space nuclear power

Grossman , Professor of Journalism at the State University of New York , 2001 ( Karl , “Disgrace Into Space” , the ecologist , http://www.envirovideo.com/karldisgrace.html)

As hard-driven as the push to make space a new arena of war is the effort to make money from the heavens. ...... or any of other planned NASA space nuclear missions and there is an accident, despite the international treaty, the US will not accept full liability.

b. Key to space

March, Senior Engineering Specialist at Barrios Technology supporting NASA’s Johnson Space Center, 2k3 (Paul, Jan 30th, Gender Modified, “Can Earth's Ecology and Space Nuclear Energy Coexist? The answer is YES!”, Space Daily, http://www2.spacedaily.com:7778/news/reports/Can\_Earths\_Ecology\_and\_Space\_Nuclear\_Energy\_Coexist\_The\_answer\_is\_YE!.html)

So, what can we do now if we want to explore the solar system first hand? ........ go back to being "Noble Savages", waiting for extinction from a Yellow Stone like super volcano eruption or the impact of another dinosaur killer asteroid or comet.

c. Extinction

Gangale, 7 (Thomas, aerospace engineer and a former Air Force officer. He is currently the executive director at OPS-Alaska where he manages projects in political science and international relations., “A Progressive Vision of Human Space Exploration--Important to California, a Leader in Aerospace and High Tech” http://www.californiaprogressreport.com/2007/12/a\_progressive\_v.html)

As I have written elsewhere, there is a libertarian, no-holds-barred free enterprise vision of space development. ....... and large-scale spacelift capability is questionable, the case for keeping the Great Machine running is obvious.

3. Err affirmative - Statistics

a. Armed Conflict decreasing

Marshall and Cole, 2008 (Monty, Research Prof. Public Policy and Dir. Research Center for Global Policy @ George Mason U., and Benjamin, GMU, Foreign Policy Bulletin: The Documentary Record of United States Foreign Policy, “Global Report on Conflict, Governance and State Fragility 2008”, doi:10.1017/S1052703608000014)

The Global Report series and its signature State Fragility Index and Matrix first appeared in the March 2007 edition of the Foreign Policy Bulletin . .........It appearsthat, while world politics have been suc-cessful in gaining peaceful settlements tomany of the world’s armed conflicts, sever-al long-running wars continue to resistpeaceful settlement and new armed con-flicts continue to break out regularly.

b. Poverty is on the decline

Chen and Ravillion ‘7 (Shaohua, Senior Statistician in Development Econ. Research Group @ World Bank, and Martin, Dir. World Bank’s Development Research Group, 2020 FOCUS BRIEF on the World’s Poor and Hungry People, “THE CHANGING PROFILE OF POVERTY IN THE WORLD”, October, http://www.ifpri.org/2020Chinaconference/pdf/beijingbrief\_ravallion2.pdf)

In absolute terms, the number of people in the developing world living on less than US$1 a day fell from slightly less than 1.5 billion in 1981 to 970 million in 2004...... the world is on track to achieve MDG1.

4. Critical to resolve economic foundations of the transition first – we can’t just wish capitalism away

Kilman 4, Professor of Economics, Pace University NY, (Andrew, “Alternatives to Capitalism: What Happens After the Revolution?” September 5)

Marx projected the direct sociality of the individual’s labor as an interim goal. ....... such that each hour of labor will really count as equal – beginning on the day after

5. Cap is Sustainable – solar power and 100% efficiency

Ayres, 1999 (Robert, Center for Management of Environmental Resources, Ecological Economics, “The second law, the fourth law, recycling and limits to growth”, 29:3, June, Science Direct)

So, although it is strictly irrelevant to this paper, I will digress briefly. ........ No ‘fund’ (or reservoir) of inactive wastes is allowed for.

6. Growth key to solve natural disasters – extinction

Morris in ‘5 (Julian, Executive Dir. @ International Policy Network and Visiting Prof. @ U. Buckingham, “Confuse: How Jared Diamond fails to convince”, Energy & Environment, 16:3-4, http://policynetwork.net/uploaded/pdf/morris\_collapse\_review.pdf)

Citing the example of the Greenland Norse, .......then society will be less able to cope with the consequences than had we allowed economic growth and technological change to proceed.

7. Turn – Capitalism solves war – interdependency, democracy and constructive competition

Griswold, 05 (Daniel, director of the Center for Trade Policy Studies at Cato, “Peace on earth? Try free trade among men”, http://www.freetrade.org/node/282)

As one little-noticed headline on an Associated Press story recently reported, "........Increasingly, wealth is measured in terms of intellectual property, financial assets, and human capital.

### Lee

#### Restoring the primacy of the public domain is key – a shift in values is a prerequisite to social democratic policies that have failed consistently

Lee and McBride 07 [“Conclusion: The Need to Rebuild the Public Domain.” In “Neo-Liberalism, State Power and Global Governance,” 2007, Springer, edited by SIMON LEE (University of Hull, U.K) and STEPHEN MCBRIDE (Simon Fraser University, Vancouver, Canada)] AJ

Among certain influential academic commentators, the key to the discovery of an alternative model, to displace the ‘market fundamentalism’ of the neo-liberal orthodoxy, has been located in the concept of the public domain. It is this domain, rather than the liberalized, private market domain of entrepreneurship, consumerism, profit and competition, that affords the possibility of delivering global social justice and effective public policies. The rediscovery of the public domain has been led by prominent social democratic thinkers, notably David Marquand, Will Hutton and David Held in England and Daniel Drache in Canada. Following the genocide and ethnic cleansing perpetrated in Rwanda and Kosovo, the series of major financial crises from Mexico through Asia and Russia to Argentina, and the trauma of 9/11 and its bitter aftermath of aggressive uni- lateralism (Lee, 2007a), Will Hutton has cautioned that ‘The lesson of the last decade, a warning for the twenty-first century, is that the world needs an order that is more subtle and more sophisticated’. Indeed, because ‘Security, prosperity are global public goods’, they ‘cannot and should not be provided as any one country dictates, or as a by-product of what it considers its interests’. As an alter- native to the principles of American neo-conservatism, Hutton has advocated that the provision of global public goods must be both international and ‘predi- cated upon an acknowledgement of interdependence’ (Hutton, 2002: 11). For the effective exercise of state power in the United Kingdom, and Britain’s broader role in global governance, Hutton has concluded that, while different cultures and approaches to capitalism must be allowed to flourish, the United Kingdom much choose European social democracy, and its traditions of social partnership and collaboration, over American neo-conservatism. The latter can only offer a nasty predilection for unilateralism, and a damaging portrayal of the realms of the social, the collective and the public domain ‘as the enemies of prosperity and individual autonomy’ (Hutton, 2002: 6). The need to rediscover the public domain has been given increased urgency by the meteoric rise of the Chinese economy, and the development of major imbal- ances in the global economy, notably the current account and budget deficits in the United States, and the parallel surpluses in the current accounts of East Asian economies. Hutton had identified how the concept of the public realm, that flowed from the late eighteenth century European Enlightenment, is now vital for the future exercise of state power and global governance. In particular, the insti- tutions, principles and processes of the Enlightenment, namely ‘The rule of law, the independence of the judiciary, the freedom of the press, the scientific and research processes in independent universities, or the very idea of representative, accountable, checked and balanced government’ (Hutton, 2007: x) must be embodied in the exercise of power by the Chinese state. For China to participate in the knowledge economy, it must construct the institutional structure, welfare system and property rights which form the basis of a pluralist capitalist economy and society (Hutton, 2007: 331). At the same time, to avoid the danger of a counter-productive slide into divisive protectionism and the narrow pursuit of national self-interest, a common sense of public purpose must be restored to global governance. This in turn is possible through a revival of the ‘soft infrastructure of capitalism’, and a collective recognition of the benefits of ‘international action legitimized by a multilateral commitment to the rule of law and a self-confident rather than defensive, anxious West’ (Hutton, 2007: 194, 345). For Marquand, the revival of the public domain, and the retrieval of the ‘confused, inchoate, but nevertheless unmistakable republican or civic humanist tradition’ upon which it draws, constitutes nothing less than ‘The central question for the politics of the twenty-first century’ (Marquand, 2001: 83). The exercise of state power and global governance must be based upon the discovery of ‘a twenty-first century equivalent of the Gladstonian “public conscience”’, which in turn pre- supposes the rediscovery of ‘a common culture, based upon a common moral code’ (Marquand, 2001: 83). The public domain must be distinguished from the public sector because it is not a sector at all. On the contrary, it possesses four dis- tinctive characteristics. First, it is ‘an arena of social life, with its own norms and decision rules, cutting across sectoral boundaries: as a set of activities which can be (and historically have often been) carried out by private individuals or even private firms as well as by public agencies’. Second, it possesses its own values ‘of citizenship, equity and service and the notion of a public interest, distinct from private interests’. Third, in it ‘citizenship rights trump both market power and kinship bonds’. Fourth, in it ‘Professional pride in a job well done, a sense of civic duty, Gladstone’s “benevolence” or a mixture of all of them replace the hope of gain and the fear of loss as spurs to action’ (Marquand, 2001: 74). To achieve this restoration of the public domain, Marquand asserts that social democratic renewal, the central objective of both Tony Blair and Anthony Giddens’ concep- tions of the ‘Third Way’ (Blair, 1998; Giddens, 1998) will not be sufficient. Instead, greater accountability must be sought, not through the price mechanism in the private market domain but through greater participation and openness. This in turn will only be accomplished through the application of principles of subsidiarity and pluralism to smaller scale organization rather than the ‘bureaucratic centralism and top-down statism’ of larger scale units characteristic of much of twentieth century social democratic politics (Marquand, 2001: 82). In a similar vein, Daniel Drache has identified the need to rethink governance because of the absence of any provision at the global level ‘for elementary social justice, the provision of social goods globally and other non-income objectives’ (Drache, 2001a: 2). For Drache too, the public domain lies at the intersection between the state, market and civil society. The public domain is an arena char- acterized by consensus, co-operation and public discourse, but also by power, ambiguity and paradox. In short, the public domain ‘is an arena of social life, with its own rules, norms and practices, cutting across the state and market and other public private agencies’ whose values ‘are those of citizenship, services and the notion of the public interest’ (Drache, 2001a: 4). What distinguishes the public domain is that it is insulated from the private domain of market forces, such that citizenship rights rather than market power govern the allocation of social goods (Marquand, 1997: 5). Drache has asserted that governments have to discover ways to empower their citizens so as ‘to improve public services, reduce public bads and introduce new regulatory instruments to act as a counterweight to global instability’ (Drache, 2001: 37). However, this task must be based upon a less simplistic perspective on markets, a more realistic perspective on governance, the promotion of collective goals and the revitalization of public institutions (Drache, 2001b: 39). What this means for state power is not a state-less world, where the power and the authority of the state is constantly withering away in the face of the rolling forward of the frontiers of the market-through privatization, deregulation and liberalization. On the contrary, it means redefining the role of the state or ‘state-ness’ to create ‘the appropriate model, strategy and resources for maintaining public authority in contrasting market economies’ (Drache, 2001b: 40). For Drache, it is the public domain which will supply civil society with vitality and much of its organizational capacity (Drache, 2001b: 66). At the level of global governance, David Held has sought to define a social democratic alternative to the neo-liberalism of the Washington Consensus, based upon the creation of a Global Covenant. Based upon a ‘new internationalism’, the Covenant would embrace eight fundamental cosmopolitan values and ethical principles, namely equal worth and dignity; active agency; personal responsibility and accountability; consent; collective decision-making about public matters through voting procedures; inclusiveness and subsidiarity; avoidance of serious harm; and sustainability’ (Held, 2004: 171). The aim would be to promote the rule of international law; greater transparency; a deeper commitment to social justice; the protection and reinvention of community at diverse levels; and the transfor- mation of the global economy into a free and fair rules-based economic order. To implement this agenda, priority measures for global governance would include the establishment of a representative UN Security Council and the creation of an Economic and Social Security Council to coordinate poverty reduction and global development policies. Longer-term measures would include democratiza- tion of national and suprastate governance to establish multilevel citizenship; a global constitutional convention to explore the rules and mandates of new dem- ocratic global bodies; the creation of a new international tax mechanism; the establishment of negotiating arena for priority issues, such as a world water court; and enhanced provision of global public goods (Held, 2004: 161–169). There are two critical weaknesses in the social democratic agenda which Held has advanced which will need to be addressed if it is to challenge the neo-liberal orthodoxy in global governance. First, the very reason why neo-liberalism was embraced in the first instance during the mid-1970s was because of the perceived failure of social democracy. Neo-liberalism was popularized by Margaret Thatcher and Ronald Reagan as a reaction to and a critique of the perceived fail- ure of the political economy of Keynes and Beveridge. If sceptical electorates are to be persuaded to once more embrace the principles of a social democratic agenda, its advocates have to provide a more persuasive explanation of why it now offers the solution to problems in the twenty-first century, when it was unable to provide convincing solutions to the stagflation which arose in the after- math of the Oil Crisis of 1973–1974. Second, the project of a Global Convenant has yet to explain why it is that, in relocating vital questions of public policy from the national, international and supranational levels to the global level of gover- nance, the customary intractable constraints imposed upon state power by conflicting interests and rival agenda for the control of policy and distribution of resources will magically disappear.

### Springer

#### Neolib impact

Springer 08 [Simon Springer (Department of Geography, University of British Columbia). “The nonillusory effects of neoliberalisation: Linking geographies of poverty, inequality, and violence.” Geoforum 39 (2008) 1520–1525] AJ

Indeed, Harvey (2005) avers that the primary substan- tive achievement of neoliberalisation has been the ability to distribute, rather than to generate, wealth and income, or the very continuation of accumulation by dispossession. His skepticism in this regard has led him to view neoliber- alism as a project driven primarily by transnational elites, who are fundamentally concerned with the reconstitution of class power where it exists, and its creation where such class power is currently absent. This is a view increasingly shared by a number of critical scholars (see Berger, 2006; Carroll and Carson, 2006; Cox, 2002; Dume ́nil and Le ́vy, 2004; McMichael, 2000; Overbeek, 2000; Plehwe et al., 2006; Rapley, 2004; Sparke, 2004; Watson, 2002). In com- parison, Amoore and Langley (2002) view neoliberalism as a practice of the elite, but place it closer to Foucauldian notions of governmentality. Such expository potential is patronisingly dismissed by Barnett (2005), who contends neoliberalism-as-governmentality is a denigratory language that treats individualism as an ideological ploy by the Right, inviting us to take consolation in a perception of collective decision-making as a normatively straightfor- ward process. Of course in making the same sort of carica- tural sweeps of leftist scholars that he argues those very scholars are guilty of with respect to neoliberalism, Barnett (2005) never gives pause to consider how democratic proce- dures are indeed problematised by the Left, yet still seen as preferable to the dictates of a class-based elite minority. In defending his position on neoliberalism as (re)constructed class power, Harvey (2005) points to the importunate rise in social inequality under neoliberalism, which he regards as structural to the entire project of neoliberalism, a claim that is given a significant amount of credibility with Wade’s (2004) quantitative analysis and criticisms of global statistics.

Furthermore, if conditions among the lower classes deteriorate under neoliberalism, this failure is implied to be a product of personal irresponsibility or cultural inferi- ority (Harvey, 2005), an argument epitomised by Harrison and Huntington’s (2000) rightist call to arms ‘Culture Mat- ters: How Values Shape Human Progress’. More subtly, neoliberal ideology’s suspicion of the poor as morally sus- pect turns the social suffering wrought by neoliberal capi- talism into a ‘public secret’ (Taussig, 1992; see also Watts, 2000), allowing ‘symbolic violence’ – or that vio- lence which accomplishes itself through misrecognition thus enabling violence to go unperceived as such – to pre- vail (Bourdieu and Wacquant, 2004), so that the poor are blamed, and indeed blame themselves for their ongoing poverty (Bourgois, 2004). Accumulation by dispossession operates in much the same capacity insofar as the erasure of the originary and ongoing ‘violences of property’ (Blom- ley, 2003) serves to legitimise the exclusionary claims of the landowning elite. The property system entails violent ‘acts’ of dispossession at its founding moment, as well as endur- ing violent ‘deeds’ – which need not be physicalised to be operative, as self policing becomes reflexive – that (re)en- force the exclusionary basis of private property (Blomley, 2000). Working in concert, these ‘acts’ and ‘deeds’ purpose- fully disregard the violence to which the poor have been subjected, while resistance and subsequent attempts at rec- lamation are typically treated as both proscribed and man- ifestly violent. It is in this way that these decidedly nonillusory effects of neoliberalisation can be seen as delib- erately ‘choking the south’ (Wade, 2006) or ‘attacking the poor’ (Cammack, 2002), where we can view Polanyi’s con- tention that the dominance of market rationality was a fun- damental cause of the savagery characteristic of the first half of the twentieth century (Dunford, 2000) as being car- ried forward into a new context.

Neoliberals are quick to point out how absolute poverty has declined under the global neoliberal regime, a claim that may or may not actually be tenable (Wade, 2004). Regardless of this assertion, following Rapley (2004) we can view the global neoliberal regime as inherently unstable because it assumes that absolute rather than relative pros- perity is the key to contentment, and while absolute pov- erty may have declined under neoliberalism, relative inequality has risen (Uvin, 2003). Building on this notion, Rapley (2004) suggests the events of 11 September 2001 were a symbolic moment of crisis, where those on the ‘los- ing end’ of the neoliberal regime’s unequal distribution made their discontent with systemic poverty and glaring inequality emphatically clear (see also Tetreault, 2003; Uvin, 1999, who suggest similar expressions of resentment ultimately led to the Rwandan genocide). The response in the wake of this tragedy has been escalated violence under the auspice of what Harvey (2003) calls the ‘New Imperial- ism’ led by the current Bush administration. Contra Lar- ner’s (2003) claim that this new military might is anything but neoliberal in character, the rhetorical ‘war on terror’ currently being waged by the Bush regime uses militarism to enforce the neoliberal order most overtly in those spaces where the geostrategic imperative for oil con- verge with the failure of Wall Street-Treasury-IMF com- plex (Wade, 1998) economic prescriptions, namely in Afghanistan and Iraq (Gregory, 2004; Harvey, 2003). Uni- ted States military power thus serves as a bulwark for enforcement of an American concept of ‘new world order’ (i.e. neoliberalism-cum-Pax Americana) which as a renewed strategy of accumulation by dispossession is shared to varying degrees by other governments, particu- larly members of the G8 (Cox, 2002).

The precedent set by the New Imperialism has seen many third world states, informed by the rhetoric of their own war on terror, using violence more readily as a tool of control (Canterbury, 2005). While such repression is not entirely new, as Glassman and Samatar (1997) point to it as a commonplace feature of the ‘post’-colonial era, novelty rests in the ease of its legitimation via the discourse of ‘security’ (Springer, 2008). Indeed, such neoauthoritari- anism is readily extended under neoliberalism as both a means to maintain the social order necessary for the extrac- tion of economic surplus from those countries recently incorporated into the global capitalist system (Canterbury, 2005), and as a response to the supposedly inherent violent tendencies of the lower classes, who now faced with mount- ing unemployment, slashed wages, forced evictions, and all the other associated hallmarks of accumulation by dispos- session, must resort to other means of survival, being ulti- mately forced into the underground economy as a street vendor, or worse, prostitution and drug trafficking. Thus, the neoliberal imperative for the inalienable right of the individual and his/her property, trumps any social demo- cratic concern for an open public space, equality, and social solidarity (Harvey, 2005). Yet one is left to wonder whether Barnett (2005) would extend his argument to con- sider such attempts at collective empowerment and redistri- bution as mere ideological ploys by the Left, inviting us to take solace in an image of individualism as practically and normatively unproblematic? The parody here should be apparent.

Finally, by relegating Marxian political economy per- spectives to the intellectual dustbin as Hudson (2006) con- tends Amin and Thrift (2005) have done, and in suggesting that neoliberalism is a ‘necessary illusion’ or that ‘there is no such thing’ as Castree (2006) and Barnett (2005) respec- tively do, albeit from two very different theoretical perspec- tives, is to run the perilous risk of obviating ourselves from the contemporary reality of structural violence (Bourgois, 2001; Farmer, 2004; Uvin, 2003). Without theorising capi- tal as a class project and neoliberalism as an ‘actually exist- ing’ circumstance (Brenner and Theodore, 2002), structural violence, and the associated, if not often resultant direct violence (Galtung, 1990), becomes something ‘out there’ and far away in either spatial proximity or class distance, so that it is unusual, unfamiliar, and unknown to the point of obscurity and extraordinarity. Arming ourselves with a Marxian political economy approach, and a theoretical toolkit that includes neoliberalism, allows us to bring glo- bal capitalism’s geographies of violence into sharp focus, alerting us to the realities of poverty and inequality as lar- gely outcomes of an uneven capitalist geography, and fur- thermore to recognise the ways in which the ‘out there’ of violence has occurred and continues to proliferate and be (re)produced in a plentitude of spaces, including ‘in here’. It is only through recognition of such symbolic violence that human emancipation may be offered, and without such acknowledgement, what’s left? Just a future of ensu- ing violence.

### Brown

Brown 03 [Wendy Brown (Professor of Political Science at UC Berkeley). “Neo-liberalism and the End of Liberal Democracy.” Theory and Event, Volume 7, Issue 1, 2003] AJ

#### Rationality pervades everything in neolib

1. The political sphere, along with every other dimension of con- temporary existence, is submitted to an economic rationality; or, put the other way around, not only is the human being configured exhaus- tively as homo œconomicus, but all dimensions of human life are cast in terms of a market rationality. While this entails submitting every action and policy to considerations of profitability, equally important is the production of all human and institutional action as rational en- trepreneurial action, conducted according to a calculus of utility, bene- fit, or satisfaction against a microeconomic grid of scarcity, supply and demand, and moral value-neutrality. Neoliberalism does not simply assume that all aspects of social, cultural, and political life can be reduced to such a calculus; rather, it develops institutional practices and rewards for enacting this vision. That is, through discourse and policy promulgating its criteria, neoliberalism produces rational actors and imposes a market rationale for decision making in all spheres. Importantly, then, neoliberalism involves a normative rather than ontological claim about the pervasiveness of economic rationality and it advocates the institution building, policies, and discourse development appropriate to such a claim. Neoliberalism is a construc- tivist project: it does not presume the ontological givenness of a thor- oughgoing economic rationality for all domains of society but rather

takes as its task the development, dissemination, and institutionaliza- tion of such a rationality. This point is further developed in (2) below.

#### True liberal democracy is dying – neolib is justifying imperialism abroad and market dominance everywhere, even legitimating surveillance state and other fucked up stuff

Liberal democracy cannot be submitted to neoliberal political governmentality and survive. There is nothing in liberal democracy’s basic institutions or values—from free elections, representative democracy, and individual liberties equally distributed to modest power-sharing or even more substantive political participation—that inherently meets the test of serving economic competitiveness or in- herently withstands a cost-benefit analysis. And it is liberal democracy that is going under in the present moment, even as the flag of American “democracy” is being planted everywhere it can find or

create soft ground. (That “democracy” is the rubric under which so much antidemocratic imperial and domestic policy is enacted suggests that we are in an interregnum—or, more precisely, that neoliberalism borrows ex- tensively from the old regime to legitimate itself even as it also develops and disseminates new codes of legitimacy. More about this below.)

Nor is liberal democracy a temporary casualty of recent events or of a neoconservative agenda. As the foregoing account of neoliberal gov- ernmentality suggests, while post-9/11 international and domestic policy may have both hastened and highlighted the erosion of liberal democratic institutions and principles, this erosion is not simply the result of a national security strategy or even of the Bush administra- tion’s unprecedented indifference to the plight of the poor, civil liber- ties, law valued as principle rather than tactic, or conventional liberal democratic criteria for legitimate foreign policy.10 My argument here is twofold. First, neoliberal rationality has not caused but rather has facilitated the dismantling of democracy during the current national security crisis. Democratic values and institutions are trumped by a cost-benefit and efficiency rationale for practices ranging from govern- ment secrecy (even government lying) to the curtailment of civil liber- ties. Second, the post-9/11 period has brought the ramifications of neoliberal rationality into sharp focus, largely through practices and policies that progressives assail as hypocrisies, lies, or contradictions but that may be better understood as neoliberal policies and actions taking shape under the legitimating cloth of a liberal democratic discourse increasingly void of substance.

The Bush administration’s imperial adventures in Afghanistan and Iraq clearly borrowed extensively from the legitimating rhetoric of democracy. Not only were both wars undertaken as battles for “our way of life” against regimes said to harbor enemies (terrorists) or dan- gers (weapons of mass destruction) to that way of life, but both viola- tions of national sovereignty were justified by the argument that democracy could and ought to take shape in those places—each nation is said to need liberation from brutal and despotic rule. The standard left criticism of the first justification is that “our way of life” is more se- riously threatened by a politics of imperialism and by certain policies of homeland security than by these small nations. But this criticism ig- nores the extent to which “our way of life” is being figured not in a classically liberal democratic but in a neoliberal idiom: that is, as the ability of the entrepreneurial subject and state to rationally plot means and ends and the ability of the state to secure the conditions, at home

and abroad, for a market rationality and subjectivity by removing their impediments (whether Islamic fundamentalism or excessive and arbi- trary state sovereignty in the figure of Saddam Hussein). Civil liberties are perfectly expendable within this conception of “our way of life”; unlike property rights, they are largely irrelevant to homo œconomicus. Their attenuation or elimination does not falsify the project of protect- ing democracy in its neoliberal mode.

The Left criticized the second justification, that the United States could or ought to liberate Afghanistan from the Taliban and Iraq from Hussein, as both hypocritical (the United States had previously funded and other- wise propped up both regimes) and disingenuous (U.S. foreign policy has never rested on the principle of developing democracy and was not serious about the project in these settings). Again, however, translated into neoliberal terms, “democracy,” here or there, does not signify a set of independent political institutions and civic practices comprising equality, freedom, autonomy and the principle of popular sovereignty but rather indicates only a state and subjects organized by market rationality. Indeed, democracy could even be understood as a code word for avail- ability to this rationality; removal of the Taliban and Baath party pave the way to that availability, and democracy is simply the name of the regime, conforming to neoliberal requirements, that must replace them. When Paul Bremer, the U.S.-appointed interim governor of Iraq, declared on May 26, 2003 (just weeks after the sacking of Baghdad and four days after the UN lifted economic sanctions), that Iraq was “open for busi- ness,” he made clear exactly how democracy would take shape in post- Saddam Iraq. Duty-free imported goods poured into the country, finishing off many local Iraqi businesses already damaged by the war. Multinationals tumbled over themselves to get a piece of the action, and foreign direct investment to replace and privatize state industry was described by the corporate executives advising the Bush administration as the “answer to all of Iraq’s problems.”11 The question of democratic in- stitutions, as Bremer made clear by scrapping early plans to form an interim Iraqi government in favor of installing his own team of advisers, was at best secondary to the project of privatizing large portions of the economy and outsourcing the business of policing a society in rubble, chaos, and terror occasioned by the combination of ongoing military skirmishes and armed local gangs.12

It is not news that replacements for the Taliban and the Baath regimes need not be rights-based, formally egalitarian, representative, or otherwise substantively democratic in order to serve the purposes

of global capitalism or the particular geopolitical interests of the United States. Nor is it news that the replacements of these regimes need not be administered by the Afghans or Iraqis themselves to sat- isfy American and global capitalist purposes and interests, though the residues of old-fashioned democracy inside the legitimation project of neoliberalism make even puppet or faux rule by an appointed govern- ing council, or by officials elected in severely compromised election conditions, ideologically preferable to full-fledged directorship by the American occupation. What is striking, however, is the boldness of a raw market approach to political problem solving, the extent to which radical privatization schemes and a flourishing market economy built on foreign investment are offered not simply as the path to democracy but as the name and the measure of democracy in these nations, a naming and measuring first appearing in post-1989 Eastern Europe a decade earlier. Not only are democratic institutions largely irrele- vant—and at times even impediments—to neoliberal governmentality, but the success of such governmentality does not depend on the ques- tion of whether it is locally administered or externally imposed. Market rationality knows no culture or country, and administrators are, as the economists say, fungible. Indeed, at this juncture in the displacement of liberal democracy by neoliberal governmentality, the question is how much legitimacy neoliberal governance requires from a democra- tic vocabulary—how much does neoliberalism have to cloak itself in liberal democratic discourse and work with liberal democratic institu- tions? This is less a theoretical than a historical-empirical question about how deeply and extensively neoliberal rationality has taken hold as ideology, that is, how much and where neoliberal governance can legitimate itself in its own terms, without borrowing from other discourses. (Neoliberalism can become dominant as governmentality without being dominant as ideology—the former refers to governing practices and the latter to a popular order of belief that may or may not be fully in line with the former, and that may even be a site of re- sistance to it.) Clearly, a rhetoric of democracy and the shell of liberal democratic institutions remain more important in the imperial heart- land than in recently “liberated” or conquered societies with few if any democratic traditions of legitimacy. However, the fact that George W. Bush retains the support of the majority of the American people, de- spite his open flaunting of democratic principles amid a failing econ- omy and despite, too, evidence that the public justification for invading Iraq relied on cooked intelligence, suggests that neoliberalism

has taken deep hold in the homeland. Particularly striking is the num- ber of pundits who have characterized this willful deceit of the people as necessary rather than criminal, as a means to a rational end, thereby reminding us that one of the more dangerous features of neoliberal evisceration of a non-market morality lies in undercutting the basis for judging government actions by any criteria other than expedience.13

Just as neoliberal governmentality reduces the tension historically borne by the state between democratic values and the needs of capital as it openly weds the state to capital and resignifies democracy as ubiqui- tous entrepreneurialism, so neoliberalism also smooths an old wrinkle in the fabric of liberal democratic foreign policy between domestic polit- ical values and international interests. During the cold war, political pro- gressives could use American sanctimony about democracy to condemn international actions that propped up or installed authoritarian regimes and overthrew popularly elected leaders in the Third World. The diver- gence between strategic international interests and democratic ideology produced a potential legitimation problem for foreign policy, especially as applied to Southeast Asia and Central and Latin America. Neoliberal- ism, by redefining democracy as thoroughgoing market rationality in state and society, a redefinition abetted by the postcommunist “democ- ratization” process in Eastern Europe, largely eliminates that problem. Certainly human rights talk is ubiquitous in global democracy dis- course, but not since Jimmy Carter’s ill-fated efforts to make human rights a substantive dimension of foreign policy have they served as more than window dressing for neoliberal adventures in democracy.

#### While losing democracy, we must be wary of acting in melancholia or uncritically defending it, losing our previous critique of it

Brown 03 [Wendy Brown (Professor of Political Science at UC Berkeley). “Neo-liberalism and the End of Liberal Democracy.” Theory and Event, Volume 7, Issue 1, 2003] AJ

By way of conclusion, however, I leave aside these questions to re- flect briefly on the implications for the Left of neoliberalism’s erosion of liberal democracy. While leftists of the past quarter century were rarely as antagonistic to liberal democracy as the Old Left, neither did we fully embrace it; at times we resented and railed against it, and cer- tainly we harbored an aim to transform it into something else—social democracy or some form of radical democracy. So the Left is losing something it never loved, or at best was highly ambivalent about. We are also losing a site of criticism and political agitation—we criticized liberal democracy not only for its hypocrisy and ideological trickery but also for its institutional and rhetorical embedding of bourgeois, white, masculinist, and heterosexual superordination at the heart of humanism. Whatever loose identity we had as a Left took shape in terms of a differentiation from liberalism’s willful obliviousness to so- cial stratification and injury that were glossed and hence secured by its formal juridical categories of liberty and equality.

Still, liberalism, as Gayatri Spivak once wrote in a very different con- text, is also that which one “cannot not want” (given the other histori- cal possibilities, given the current historical meaning of its deprivation). Even here, though, the desire is framed as roundabout and against it- self, as Spivak’s artful double negative indicates. It indicates a depen- dency we are not altogether happy about, an organization of desire we wish were otherwise. What might be the psychic/social/intellectual implications for leftists of losing this vexed object of attachment? What are the possible trajectories for a melancholic incorporation of that toward which one is openly ambivalent; or perhaps even hostile, resentful, rebellious?

Freud posits melancholy as occasioned by ambivalence, though the ambivalence may be more unconsciously sustained than I am suggest- ing is the case for the Left’s relationship to liberal democracy. More precisely, Freud’s focus in theorizing melancholy is love that does not know or want to avow its hostility, whereas the task before us is to consider hostility that does not know or want to avow its love or de- pendency. Still, Freud’s thinking about melancholia remains useful here as a theory of loss amid ambivalent attachment and dependence and a theory of identity formation at the site of an ungrievable passion or attachment. It reminds us to consider how left melancholia about liberal democracy would not just be a problematic affect but would constitute a formation of the Left itself.

Incorporating the death of a loathed object to which one was nonetheless attached often takes the form of acting out the loathed qualities of the object. I once had an acquaintance whose much- despised and abusive father died. While my friend overtly rejoiced at his passing, in the ensuing months she engaged in extraordinary out- bursts of verbal and physical abuse toward friends and colleagues, even throwing things at them as she had described her father throw- ing household objects during her childhood. Another friend buried, after years of illness, a childish, hysterical, histrionic, and demanding mother, one who relentlessly produced herself as a victim amid her own aggressive demands. Relieved as my friend was to have done with this parent, what should emerge over the following year but ex- actly such tendencies in her own relationships? So this is one danger: that we would act out to keep alive those aspects of the political for- mation we are losing, that we would take up and perform liberal democracy’s complacencies, cruelties, or duplicities, stage them in our own work and thinking. This behavior would issue in part from the need to preserve the left identity and project that took shape at the site of liberal democracy, and in part from ambivalence about liberal democracy itself. In response to the loss of an object both loved and loathed, in which only the loathing or contempt is avowed, melan- choly sustains the loved object, and continues to provide a cover for the love—a continued means of disavowing it—by incorporating and performing the loathsomeness.

#### Shouldn’t idealize democracy either

There are other ways ambivalently structured loss can take shape as melancholic, including the straightforward possibility of idealizing a

lost object as it was never idealized when alive. Straightforward, per- haps, but not simple, for this affect also involves remorse for a past of not loving the object well enough and self-reproach for ever having wished for its death or replacement. As idealization fueled by guilt, this affect also entails heightened aggression toward challenges or challengers to the idealization. In this guilt, anxiety, and defensiveness over the loss of liberal democracy, we would feel compelled to defend basic principles of liberalism or simply defend liberalism as a whole in a liberal way, that is, we would give up being critical of liberalism and, in doing so, give up being left. Freud identifies this surrender of iden- tity upon the death of an ambivalent object as the suicidal wish in melancholia,17 a wish abetted in our case by a more general disorienta- tion about what the Left is or stands for today. Evidence for such a sur- render in the present extends from our strikingly unnuanced defenses of free speech, privacy, and other civil liberties to the staging of anti- war protests as “patriotic” through the iconography of the American flag. Often explained as what the Left must do when public discourse moves rightward, such accounts presume a single political continuum, ranged from extreme left to extreme right, in which liberals and con- servatives are nothing more than the moderate versions of the ex- tremes (communists and fascists). Not only does the model of the continuum reduce the variety of political possibility in modernity to matters of degree rather than kind, it erases the distinctiveness of a left critique and vision. Just as today’s neoliberals bear little in common with traditional conservatives, so the Left has traditionally stood for a set of values and possibilities qualitatively different from those of wel- fare state liberals. Times of alliance and spheres of overlap obviously exist, but a continuum does not capture the nature of these conver- gences and tactical linkages any better than it captures the differences between, for example, a liberal commitment to rights-based equality and a left commitment to emancipating the realm of production, or be- tween a liberal enthusiasm for the welfare state and a left critique of its ideological and regulatory dimensions. So the idea that leftists must automatically defend liberal political values when they are on the ropes, while sensible from a liberal perspective, does not facilitate a left challenge to neoliberalism if the Left still wishes to advocate in the long run for something other than liberal democracy in a capitalist socioeconomic order. Of course, there are aspects of liberal democracy that the Left has come to value and incorporate into its own vision of the good

society—for example, an array of individual liberties that are largely unrelated to the freedom from domination promised by transforming the realm of production. But articulating this renewed left vision dif- fers from defending civil liberties in liberal terms, a defense that itself erases a left project as it consigns it to something outside those terms. Similarly, patriotism and flag-waving are surely at odds with a left for- mulation of justice, even as love of America, represented through icons other than the flag or through narratives other than “supporting the troops,” might well have a part in this formulation. Finally, not only does defending liberal democracy in liberal terms sacrifice a left vi- sion, but this sacrifice discredits the Left by tacitly reducing it to noth- ing more than a permanent objection to the existing regime. It renders the Left a party of complaint rather than a party with an alternative political, social, and economic vision.

#### We are not slipping into a right wing regime, so holding our position on the left won’t work

Still, if we are slipping from liberalism to fascism, and if radical democracy or socialism is nowhere on the political horizon, don’t we have to defend liberal democratic institutions and values? Isn’t this the lesson of Weimar? I have labored to suggest that this is not the right diagnosis of our predicament: it does not grasp what is at stake in neoliberal governmentality—which is not fascism—nor on what grounds it might be challenged. Indeed, the left defense of the wel- fare state in the 1980s, which seemed to stem from precisely such an analysis—“if we can’t have socialism, at least we should preserve wel- fare state capitalism”—backfired from just such a misdiagnosis. On the one hand, rather than articulating an emancipatory vision that in- cluded the eradication rather than regulation of poverty, the Left ap- peared aligned with big government, big spending, and misplaced compassion for those construed as failing to give their lives proper en- trepreneurial shape. On the other hand, the welfare state was disman- tled on grounds that had almost nothing to do with the terms of liberal democracy and everything to do with neoliberal economic and politi- cal rationality. We are not simply in the throes of a right-wing or con- servative positioning within liberal democracy but rather at the threshold of a different political formation, one that conducts and le- gitimates itself on different grounds from liberal democracy even as it does not immediately divest itself of the name. It is a formation that is developing a domestic imperium correlative with a global one, achieved through a secretive and remarkably agentic state; through corporatized media, schools, and prisons; and through a variety of technologies for intensified local administrative, regulatory, and police

powers. It is a formation made possible by the production of citizens as individual entrepreneurial actors across all dimensions of their lives, by the reduction of civil society to a domain for exercising this entrepreneurship, and by the figuration of the state as a firm whose products are rational individual subjects, an expanding economy, national security, and global power.

This formation produces a twofold challenge for the Left. First, it compels us to consider the implications of losing liberal democracy and especially its implications for our own work by learning what the Left has depended on and demanded from liberal democracy, which aspects of it have formed the basis of our critiques of it, rebellions against it, and identity based on differentiation from it. We may also need to mourn liberal democracy, avowing our ambivalent attachment to it, our need for it, our mix of love and hostility toward it. The aim of this work is framed by the second challenge, that of devising intelli- gent left strategies for challenging the neoliberal political-economic formation now taking shape and an intelligent left countervision to this formation.

### More

#### EITC = neolib bruh

Soss 9 [Soss, Joe, Richard C. Fording, and Sanford F. Schram. "Governing the poor: the rise of the neoliberal paternalist state." Annual Meeting of the American Political Science Association, Toronto. 2009] AJ

Unemployment Insurance (UI), which serves a more diverse group of lower- and higher- income people, declined as well. Although lawmakers did not reduce the average replacement rate for wages or the length of the aid period, access to UI benefits was restricted by policy changes that allowed businesses to challenge applications by former employees (Fagnoni 2007) and by policy drift that left workers unprotected in the fastest-growing sectors of the low-wage labor market (GAO 2000) . As a result, spending on unemployment benefits declined from $12,000 per unemployed worker to less than $4,000 between 1970 and 2000, (Massey 2007: 169), with the bulk of reductions coming from declining coverage of the lowest-wage workers (GAO 2000). By the 1990s, low-wage workers were twice as likely to be unemployed but less than half as likely to receive UI, relative to other unemployed workers (GAO 2000).

As income support outside the market dwindled, equally momentous changes occurred in policies designed to incent employment and “make work pay” at the lower reaches of the labor market. The crucial shift involved the decline of the minimum wage, which forces employers to bear the costs of raising incomes for low-wage workers, and the rise of the Earned Income Tax Credit (EITC), which puts this burden on taxpayers. From 1968 to 2006, the real value of the minimum wage dropped from $9.30 to $5.15 per hour – a decline from 45% to 28% of the average wage in the economy as a whole (Bartels 2008: 26) and from 93% to roughly 50% of the federal poverty line (Massey 2007: 167-8). Faced with overwhelming public support for increasing the minimum wage (Bartels 2008: 229-33), business interests pushed hard for expansions of the EITC as an alternative (Herd 2008). The EITC offers no protection for the unemployed, and puts no floor under wages. Instead, it uses the state‟s tax revenues to strengthen work incentives for the poor, and relieve wage pressures on employers, by directly augmenting wages. From 1975 to 2006, federal spending on the EITC rose from $5 million to $45 million (Scholz and Moffitt 2009). And as one would expect, these investments have substantially increased labor force participation among the poor (Grogger 2003; Meyer 2002) and led to reductions in wages for workers with limited skills and education (Rothstein 2009).

The EITC is aimed at working-age, non-disabled adults who are in the labor market. On one side of this group lie target populations such as the disabled and elderly, whose major programs continue to provide more generous non-market protections but have been reformed to

### Zambrana

Done, it was just useless

### Brown 6

#### Neolib = market rationality everywhere

Brown 6 [Brown, Wendy. "American Nightmare Neoliberalism, Neoconservatism, and De-Democratization." Political theory 34.6 (2006): 690-714.] AJ

What are the salient features of neoliberal political rationality?8 First, in contrast with classical economic liberalism (and, it is important to remind American readers, the “liberalism” of neoliberalism refers to economic rather than political liberalism), neoliberalism is not confined to an expressly economic sphere, nor does it cast the market as natural and self- regulating even in the economic sphere. Part of what makes neoliberalism “neo” is that it depicts free markets, free trade, and entrepreneurial ratio- nality as achieved and normative, as promulgated through law and through social and economic policy—not simply as occurring by dint of nature. Second, neoliberalism casts the political and social spheres both as appro- priately dominated by market concerns and as themselves organized by market rationality. That is, more than simply facilitating the economy, the state itself must construct and construe itself in market terms, as well as develop policies and promulgate a political culture that figures citizens exhaustively as rational economic actors in every sphere of life. Familiar here are the many privatization and outsourcing schemes for welfare, edu- cation, prisons, the police, and the military, but this aspect of neoliberalism also entails a host of policies that figure and produce citizens as individual entrepreneurs and consumers whose moral autonomy is measured by their capacity for “self-care”—their ability to provide for their own needs and service their own ambitions, whether as welfare recipients, medical patients, consumers of pharmaceuticals, university students, or workers in ephemeral occupations. Third, neoliberal political rationality produces governance cri- teria along the same lines, that is, criteria of productivity and profitability, with the consequence that governance talk increasingly becomes market- speak, businesspersons replace lawyers as the governing class in liberal democracies, and business norms replace juridical principles. There are myriad examples of this transformation but perhaps none so poignant as G. W. Bush’s remark on the heels of his 2004 reelection: “I earned political capital in [this] campaign and now I intend to spend it.”9 Spend it he has, of course, to the point of exhausting the coffers, but significant for our pur- poses is the enormous difference between enacting a public mandate and accumulating individual political capital. The shift to a market rationality in governance is also apparent in the current American administration’s blithe reference to “legalisms” as something like bothersome mosquitoes flying around the execution of foreign and domestic policy, a reference that runs from responsiveness to the Geneva Conventions for war to the question of how best to secure marriage from invasion by homosexuals (“[T]he lawyers are working on the best approach,” Bush said at one point). It is apparent as well in Bush’s routine reference to his job as one of “making difficult deci- sions” rather than executing the will of the people—a strikingly Schmittian resignification of executive power in democracy. And it appeared in Bush’s likening of massive worldwide protests against the launching of the Iraq war in 2003 to product-testing “focus groups.”10 All of these represent a business approach to governing, one in which democratic principles and the rule of law are neither guides nor serious constraints but rather tools or obstacles, a phenomenon Foucault formulated concisely as the “tactical- ization” of law.11

The saturation of the state, political culture, and the social with market rationality effectively strips commitments to political democracy from gov- ernance concerns and political culture. Consider: as class and other imped- iments to servicing the entrepreneurial self are radically depoliticized, what the neoliberals call “the equal right to inequality” is newly legitimated, thereby tabling democracy’s formal commitment to egalitarianism.12 A per- manent underclass, and even a permanent criminal class, along with a class of aliens or non-citizens are produced and accepted as an inevitable cost of such a society, thereby undermining a formal commitment to universalism. Civic and legal principles securing the political (as opposed to private) autonomy of citizens, such as those enumerated in the First Amendment of the U.S. Constitution, have no place in a neoliberal schema, which means that neoliberal political rationality features no intrinsic commitment to political liberty.13 Citizenship, reduced to self-care, is divested of any ori- entation toward the common, thereby undermining an already weak invest- ment in an active citizenry and an already thin concept of a public good from a liberal democratic table of values. And, as law is tacticalized or instrumentalized, it is radically desacralized, producing the conditions for its routine suspension or abrogation, and paving ground for what Agamben, drawing on Schmitt, has formulated as sovereignty in the form of a perma- nent “state of exception.”14 This is evident not only in such events as the openly political decision of the U.S. Supreme Court to halt the Florida recount in the 2000 presidential election—a decision markedly uncontested by the populace—or the abrogation of civil liberties in the name of security, but also in the strategic use of civil rights law to dismantle egalitarian pro- jects ranging from affirmative action to progressive taxation.15 Meanwhile, democracy’s underpinning by a free press is loosened on one side by cor- porate ownership and on the other by laws tactically invoked to shield polit- ical officials but not journalists from revealing sources or leaking classified information.

#### Neolib + neocon = bad stuff

What is supplanted by neoconservative notions and practices of gover- nance resting atop neoliberal productions of the political and the citizen? First, they displace liberal democratic modes of state legitimacy largely taken for granted in the postwar twentieth century, including those anoint- ing “democratic” states as universal, procedural, and juridical; as reli- giously and culturally secular; and as peaceful and defense oriented. These nodes of legitimacy are replaced by a figure of a state that is openly partial, maneuvering, and political; openly invested in culture and the market; openly engaged in promoting a civic religion that links family form, con- sumer practices, political passivity, and patriotism; and openly and aggres- sively imperial. Each of these reformulations is significant unto itself, but together they establish a relation of mutual reinforcement between newly legitimated statism in domestic and international politics.

In addition, although neoconservatism, like neoliberalism, wraps itself in the mantle of “liberty” and “democracy,” neoconservative political pro- jects displace the key principles and assumptions long associated with con- stitutional democracy. Equality is not a value to be found anywhere in the neocon or neoliberal universe; to the contrary, egalitarianism is understood as a “treacherous demagogic appeal,” to which “a property-owning and tax- paying population will, in time become less vulnerable.”24 Not only does neoconservatism figure redistribution as a wrong against the middle class, but also the political rationality of neoliberalism is expressly about winners and losers based on entrepreneurial skill, and the political rationality of neoconservatism is about preserving what you’ve got and protecting your own, whether an individual family or the national family. More, the wealth of America is figured by neocons as part of its greatness (and part of what makes it desired by some foreigners, hated by others), hence an appropri- ate element of patriotic attachment. This renders as anti-American any resentment of the rich, reasoning that also neutralizes anger over a deterio- rating standard of existence for a working class content, in Thomas Frank’s words, “to be underpaid and overweight” as long as it is also cooed to by the party of the rich as “the real America.”25

Apart from egalitarianism, civil liberties, fair elections, and the rule of law also lose their standing at the conjuncture of neoliberalism and neoconservatism, becoming instruments or symbols rather than treasures, indeed becoming wholly desacralized even as they are rhetorically wielded as beacons of democracy. Neoliberalism doesn’t require them, and the neo- conservative priority of moral values and state power trumps them.

What this suggests is that the moralism, statism, and authoritarianism of neoconservatism are profoundly enabled by neoliberal rationality, even as neoconservatism aims to limit and supplement some of neoliberalism’s effects, and even as the two rationalities are not concordant. Neoliberalism does not simply produce a set of problems that neoconservatism addresses or, as critics often claim, operate as neoconservatism’s corporate/economic plank. Rather, neoliberal political rationality, which knows no political party, has inadvertently prepared the ground for profoundly anti-democratic political ideas and practices to take root in the culture and the subject. This is what permits neoconservatism to become more than a contestable political ideology or agenda whose star might rise or fall according to economic indi- cators, immigration politics, or success in imperial wars. Neoconservatism sewn in the soil prepared by neoliberalism breeds a new political form, a specific modality of governance and citizenship, one whose incompatibil- ity with even formal democratic practices and institutions does not spur a legitimation crisis because of the neoliberal devaluation of these practices and institutions that neoconservatism then consecrates.

This argument varies not only from those that assimilate neoliberalism to neoconservatism but also from those, such as that advanced by Thomas Frank in What’s the Matter with Kansas, which treat neoconservatives as duping the working poor and middle class with insincere “values talk,” using their complicity and votes to pursue a corporate agenda directly at odds with their interests.26 Frank argues that neocon leaders who “talk Christ but walk corporate” mobilize a working-class constituency on the basis of moral issues never delivered on but which keep this constituency bound to them. Hence the episodic revisitation of proposed constitutional amendments and other mostly doomed legislation to ban flag burning, abortion, homosexual unions, stem cell research, or the required teaching of evolution as science and commitments to secularism in public schools. While Frank is clearly correct about the neocon leadership’s hand waving over such issues and its pursuit of policies at odds with the economic wel- fare of its working- and middle-class base, his analysis assumes rather than queries the “interests” he imputes to this base. Neoliberal de-democratization produces a subject who may have no such interests, who may be more desirous of its own subjection and complicit in its subordination than any democratic subject could be said to be.27 That is, even as Frank explains compellingly how the rich and powerful have exploited the disappointment and frustration of working- and middle-class America, this explanation hews to a model of objective interests on one side and ideological obfus- cation and manipulation on the other. Thus it resurrects a certain politi- cal hopefulness through the worn figure of “false consciousness” and eschews the more troubling possibility of an abject, unemancipatory, and anti-egalitarian subjective orientation amongst a significant swathe of the American populace.

#### Idiots focus on declaratives and ignore moral complexities

Brown 6 [Brown, Wendy. "American Nightmare Neoliberalism, Neoconservatism, and De-Democratization." Political theory 34.6 (2006): 690-714.] AJ

Far from considering this iteration of Christianity closely or compre- hensively, I want only to identify select features of its effect on public dis- course that bear on the problem at hand. First, most religious truths, but especially those deriving from the New Testament, are relentlessly tethered to a declarative modality of truth. “God said ‘let there be light’ and there was light” was surely among the earliest and most dramatic instances of the power of performative speech, the original recognition that a saying can be a doing and a making, that an utterance can bring its truth into being and thus literally make and re-make reality. Today, this kind of truth would seem to fill a vacuum in a radically disenchanted world—one particularly short on meaningful truths and adherence to practices of truth, even to val- uations of truth, a phenomenon hardly originating with neoliberalism but unquestionably accelerated by it. The declaration of what is true, right, and good without any necessary reference to facticity has become a well-known neoconservative modality of political truth—it is characteristic of Bush’s accounts of the war in Iraq, generally pronounced to be going swimmingly or at least making progress when the opposite is patently evident, and it is characteristic as well of neocon depictions of marriage as having had a sin- gle set of characteristics “since time immemorial” and of tax schemes said to help the working or middle classes that patently favor the rich. The rhetorical power of a declarative rather than reasoned or argued truth is but- tressed by the neocon defense of truth and moral certainty against what is targeted as the epistemological and moral relativism of the opposition; since neoconservatism makes moral-political fetishes of truth, consistency, and moral certitude in this way, the declarative truths have more purchase than they otherwise might. Moreover, this modality of truth articulates with another popular neocon truth modality, “truth from the gut,” which corre- sponds with the personal moment of conversion in evangelicalism.36 Here, truth derives from inner conviction or certainty that no amount of facticity or argument can counter. Though truth issues from theological sovereignty in the first modality and from a place kindred to the soul in the second, the two forms share not only God’s voice but also a common indifference and imper- viousness to interrogation, deliberation, and facts. When such indifference, or even hostility, becomes a political norm, both intellectual contestation and political accountability are dramatically devalued, often to the point of being rendered disloyal or traitorous.

Declarative and revelatory truths are but one site of fundamentalist Christianity’s facilitation of a neoconservative political order. Christian funda- mentalism also makes a virtue of submission to this truth and to the author- ity that speaks or wields it. It is anti-democratic and anti-intellectual insofar as it devalues not merely facts but also deliberative autonomy and deliber- ation themselves. This truth-authority-submission relation is further sup- plemented by valorizing the fealty that binds subject to god and religious community: the basis of religious belonging rests in this combination of belief, submission, and fealty. Again, the combination of submission and fealty toward a state-declared truth is exactly the structure of the peculiar form of patriotism promulgated by neocons.

### Dean 8

#### Jouissance

Žižek’s revitalization of ideology critique provides a set of concepts useful for understanding neoliberalism as an ideological formation. Arguing that ideology refers not to what people know, but to the belief underlying and animating people’s actions, Žižek concerns himself with the ways that ideological formations work as economies of jouissance (enjoyment).4 Drawing from Jacques Lacan, Žižek views jouissance as an excessive, intense pleasure-pain, as that “something extra” for the sake of which we do what otherwise seems irrational, counterproductive, or even wrong.5 We might think here of the difference between friendship and passionate love. Whereas spending time with friends may be pleasurable, falling in love can be agonizing. Yet it is a special kind of agony, one that makes us feel more fully alive than anything else. Jouissance, then, is this excess beyond the useful and measurable that transforms something or someone into an object of our desire (Lacan 1999: 3). It is also that extra element of pleasure attached to the painful experience of repeatedlymissingone’sgoal.Here,jouissanceisnotthatwhichone desires but can never quite reach; instead, it is an object of drive, that which the subject might try to push away, but which attaches to his efforts, nonetheless.

Žižek conceives ideology as more than a discursive formation covering over the fundamental incompleteness and impossibility of society insofar as an emphasis on discourse alone misses the extra, irrational nugget of enjoyment that attaches the subject to a formation. For Žižek, ideology takes hold of the subject at this precise point, one that exceeds the meaning or significance an ideological formation provides (Žižek 1989). Ideological fantasies organize and arrange this excess thereby providing – or promising to provide – the subject with enjoyment.

My focus on neoliberalism as an ideological formation relies on, critiques, and extends Žižek’s approach insofar as Žižek has claimed that Capital is Real. He elaborates this point in several ways, drawing out different aspects of Lacan’s notion of the Real (a notion which changes over the course of Lacan’s teaching). Žižek argues, first, that Capital is Real in the sense that it “sets a limit to resignification” (Žižek 2000b: 223). This argument appears in the context of his debate with Judith Butler and Ernesto Laclau. Žižek objects that both theorists “silently accept” as a fundamental premise the continued operation of the capitalist market economy. In their thought, Capital is the boundary or outer limit of contemporary counterhegemonic struggle: “the smooth functioning of Capital is that which remains the same, that which ‘always returns to its place’” (ibid.). Not only has the rise of identity politics and new social movements been an effect of the critique of the political primacy of class struggle, but they also occupy a space made possible by the dynamic of global capitalism itself. Political and social movements unfold in the spaces opened up (and closed off) in the course of the expansions and intensifications of capitalism – expansions and intensifications that are themselves manifestations of class struggle, both in terms of gains made by labor and in terms of capitalist successes. Žižek’s point, then, is that Capital is Real in the sense that it establishes the very terrain of political struggle, the scope and limits of what might be undertaken politically.

In a second argument, Žižek views Capital as Real “in the precise sense of determining the structure of the material social processes themselves” (1999: 276). Žižek has in mind “the inexorable ‘abstract’ spectral logic of Capital which determines what goes on in social reality” (ibid.). He takes pains to distance this sense of Capital as Real from the idea that speculation abstracts itself from people’s activity as producers and consumers. Such an idea misfires because it fails to acknowledge the way abstraction (specifically that of economic speculation) attaches to actual social life. What seems most speculative, abstract, and distant, far removed from everyday practices, in actuality exerts an effect, a determination, on these very practices. Differently put, the abstract dimension of Capital, its “spectral logic,” is not simply a matter of the capitalist form. It also appears within the content of capitalism, in the awareness that structures the activities of production and consumption. Thus an aspect of the content overlaps with and stains the form, thereby anchoring the one to the other. This stain and overlap fit the Lacanian criteria for the Real: it’s the contingent nugget disrupting and sustaining symbolization. Finally, Žižek suggests a third way Capital is Real – it confronts us at the level not of meaning but of truth. He writes:

Capitalism is the first socioeconomic order which detotalizes meaning: it is not global at the level of meaning (there is no global “capitalist world-view,” no “capitalist civilization” proper – the fundamental lesson of globalization is precisely that capitalism can accommodate itself to all civilizations, from Christian to Hindu and Buddhist); its global dimension can be formulated only at the level of truth-without-meaning, as the “Real” of the global market mechanism. (2006: 181)

Žižek’s discussion here is in the context of an engagement with Alain Badiou, specifically Badiou’s emphasis on the gap between meaning and truth. Contemporary subjects find themselves in a con- dition of irreducible multiplicity wherein they encounter the following alternative: either they accept the undecideability of interpretations, the way that no interpretation, no meaning, can be grounded, and thus give up claims to truth, or they attempt to discern a truth outside these meanings. Persisting outside of meaning and interpretation, truth belongs to the Lacanian category of the Real rather than the symbolic order of language. It does not allow for or lead to a total way to understand the world. Instead, truth involves a specific cut or intervention from the specificity of an engaged perspective.6 To assert that Capital is Real, then, is a political claim about the key determination of the present.

Žižek’s discussion of capitalism as Real may be compelling, but it prevents us from understanding how neoliberal ideology works as an economic and political project, as a specific way to arrange antagonism and produce enjoyment. As Wendy Brown (2003) argues, neoliberalism “is a constructivist project: it does not presume the ontological givenness of a thoroughgoing economic rationality for all domains of society but rather takes as its task the development, dissemination, and institutionalization of such a rationality.” Žižek’s emphasis on the Real of Capital runs into the problem of assuming that markets and marketization are inevitable as it fails to consider how neoliberal ideology installs in its subjects the conviction that markets are desirable and should be produced. Such an assump- tion occludes and naturalizes the roles of governments – as local enterprises, national states, and international organizations – in creating property rights, establishing corporations, producing a functioning tax system, and policing and militarily defending the infrastructure necessary for business (cf. Derber 2002).

There is an additional advantage in considering the fantasy structure of neoliberal ideology: exposing the politics Žižek occludes through his characterization of contemporary life as post-political, as a form of management wherein the possibility of politics is foreclosed in advance. More specifically, Žižek is concerned, on the one hand, with the loss of the possibility of universalization (of particular claims and identities coming to stand for something more than themselves and thereby provide anchoring points for a broader array of political demands), and, on the other hand, with the onslaught of impossible demands that guarantee political marginalization and thus protect those who raise them from facing the responsibility of actually exercising power (1999: 198–236; cf. Dean 2006: 120–24). He argues, moreover, that such depoliticization results from a more primary failure to politicize the economy. While he targets this argument against “critical theorists” who have turned their focus to cultural studies, he includes as well post-Althusserians such as Badiou, Laclau, and Jacques Ranciere. And, more importantly, he extends the point to claim “the depoliticized economy is the disavowed ‘fundamental fantasy’ of postmodern politics” (1999: 355).

A focus on neoliberal ideology demonstrates that the fantasy of “laws of the market” is hardly disavowed – it is neoliberalism’s basic premise. The broadest version of Žižek’s claim implies that contemporary politicians feel compelled to hide the fact of state involvement in the economy – but this is a key premise of neoliberal governance, as Bill Clinton’s defeat of George H.W. Bush in 1992 demonstrated, “It’s the economy, stupid.” My argument is that the economy under the neoliberal paradigm is neither depoliticized nor disavowed. Rather, it is produced, brutally, as the field, rules, and spoils of exploitation and domination. Crucial to this endeavor, to the process of structuring jouissance so as to ensure acceptance of the basic framework of domination, is the fantasy of free trade.

#### Neolib relation to fantasy

Žižek’s account of the phantasmatic background of ideology brings to the fore the analytic benefits in considering neoliberalism in terms of the fantasy of free trade. I consider here four elements of his discussion. First, Žižek argues that the “external ideological ritual is the true locus of the fantasy which sustains an ideological edifice” (1997: 6). Considering a discourse or formation as an ideology, then, does not involve some kind of search for truth hidden under the distorted beliefs of misguided masses. Rather it involves looking at actual practices; these practices, what people actually do, are the location of ideological beliefs. Neoliberal ideology focuses on practices of exchange. The ordinary exchanges of everyday people – cleaned up and understood as rational decisions made under ideal conditions – are trade. Part of the fantastic appeal of neoliberalism comes from the way individual exchanges stand in for global flows (upward) of capital.

Second, Žižek holds that fantasy answers the question, “What am I to the Other?” (1997: 8). The typical answer in the United States is “free.” To the Other, I am the one, we are the ones, who are free. After September 11, 2001, “because we are free” answered the question “Why do they hate us?” Moreover, from the US perspective, the Cold War was fought between freedom and totalitarianism. Neoliberalism’s emphasis on free trade answers the question of who we, as Americans, are, and, increasingly, who “we” are in a global sense: the global “we” is the we connected through markets, the “we” of what I describe elsewhere as communicative capitalism (Dean 2002, 2005).

Third, Žižek explains that fantasy occludes an original deadlock (1997: 10). The fantasy of free trade covers over persistent market failure, structural inequalities, the violence of privatization, and the redistribution of wealth to the “have mores.” Free trade sustains at the level of fantasy what it seeks to avoid at the level of reality – namely actually free trade among equal players, that is equal participants with equal opportunities to establish the rules of the game, access information, distribution, and financial networks, etc. Paradoxically, free trade is invoked as a mantra in order to foreclose possibilities for the actualization of free trade and equality.

This foreclosure appears in the slippage between ideas of competition and winning. On the one hand neoliberal thought emphasizes the necessity of competition. As Susan George points out, competition was Margaret Thatcher’s central value, and faith in competition was the governing precept of her destruction of the British public sector. George quotes Thatcher, “It is our job to glory in inequality and see that talents and abilities are given vent and expression for the benefit of us all” (1999: 4). On the other hand even as neoliberalism emphasizes competition, it holds onto the notion that everyone is a winner, a notion clearly at odds with competition because in competition there are winners and losers. Thus Third World countries are not told, “sorry, losers, that’s the breaks in a global economy.” Rather, they are promised that everyone will win (cf. Derber 2002: 37–8). The Global Report on Human Settlements notes:

Conventional trade theories see increased trade and a liberal- ized trade regime as purely beneficial; but, as in all chance, there are, in fact, winners and losers. Those participating in the active, growing areas of the world economy or receiving (unreliable) trickle-down effects benefit. Those who do not participate at best receive no benefits, but, in fact, are usually losers, since capital tends to take flight from their countries or their industries to move to more productive zones, reducing work opportunities and business returns as currencies and wages fall or jobs disappear. (2003: 40)

Similarly, in the United States, workers are advised not to worry about the decline in manufacturing and rise of outsourcing. New jobs will be created. With education, they can be retrained. Again, the neoliberal fantasy promises that no one will lose. Finally, at the level of the local school, kids today are taught that everyone wins. Everyone gets some kind of prize or ribbon just for showing up. In some US districts, schools no longer post grades or rankings out of fear of hurting the self-esteem of those students near the bottom. Thus the emphasis on testing part of George W. Bush’s education policy, No Child Left Behind, is not accompanied by a corresponding ranking of students; instead, schools and teachers are ranked and assessed – not the students, because everyone is a winner.

Fourth, Žižek writes that “fantasy constructs a scene in which the jouissance we are deprived of is concentrated in the other who stole it from us” (1997: 32). Free trade stages this scene as a deferred promise of fulfilment. When we meet in the market, our needs and desires will be met. This is the very definition of a perfect market – it will meet everyone’s needs and desires. In a crude sense, financial, stock, bond, and commodities markets are bets on this future, investments in the promised fulfilment. We could also include here mortgages, loans, credit cards, that is all sorts of different financial instruments that rely on a presumption of future satisfaction.

Of course market exchanges do not actually provide jouissance. Moreover when the market serves as a vehicle for jouissance, it is mesmerizing, repulsive, excessive. I can explain this point more clearly by distinguishing between free trade’s staging of the lack of enjoyment as a loss or theft and its figuring of the corresponding excess of jouissance. According to the fantasy of free trade, everybody wins. If someone loses, this simply indicates that trade was not free. Someone cheated; he didn’t play by the rules. She had secret information, the benefits of insider knowledge or the advantages of an unfair monopoly. Within the terms of the fantasy, the solution to this problem is oversight, preferably by those familiar with the industry or practice in question. The government can make sure that others are not out there stealing our enjoyment, the fruits of our labor, through their dishonest and unfair dealings.

There are risks, however. The government might get overinvolved. It might overstep its boundaries and impede “free trade.” Differently put, the notion of oversight continues to sustain enjoyment as stolen as it shifts the location of thievery from the insider or cheat to the government itself – it might tax me too much; it might pay for the medical expenses of all sorts of illegal immigrants while I could lose my health insurance at any point; it might use my tax dollars to support tenured radicals (who look down their lazy, secular noses at me and my hardworking, God-fearing way of life) while I can’t even afford my kids’ tuition . . . The fantasy of free trade thus plays host to series of tensions and anxieties associated with our failure to enjoy.7

Neoliberal ideology’s fantasy of free trade also accounts for the lack of jouissance in terms of excess, that is as the sacrifice or expenditure of “too much.” The one who fails to enjoy fails because he has overdone something; there is something excessive in his relation to the market. A company expanded too fast; it tried to do too much too quickly. Perhaps it failed because it overpaid its workers, overproduced, or overdiversified (and hence lost touch with its fundamentals). Similarly those who find their stock portfolios, retirement accounts, and pension funds decimated by falling markets likewise expended “too much.” They were overconfident; they didn’t play it safe enough; they had too much faith in the market. These losers, in other words, were irrational in their expectations. Perhaps they were even greedy. At the very least, they failed to achieve the proper balance necessary for the promised, inevitable, market success.

How the fantasy accounts for losers is less interesting than how it accounts for winners’ failure to enjoy. Why don’t they enjoy? The neoliberal fantasy of free trade deals with this lack in various ways. One relies on a differentiation between market and spiritual fulfilment. Although the supplementary role of neoconservatism, primarily in its Christian materialist form, is crucial to the larger story, I can’t go into it here. I’ll note, however, that the matter is complex insofar as some versions of evangelical Christianity in the United States rely specifically on market-tested tactics. The sprawling megachurches of the west and southwest, for example, try to attract congregants by offering large clusters of goods and services such as childcare, financial advice, restaurants, health clubs, singles’ get-togethers, and rock concerts. Their basic message integrates spiritual blessings with promises of material abundance. A video series produced by and for Revolution Church in Manitou Springs, Colorado, repeats the superegoic injunction to enjoy characteristic of communicative capitalism. Its title is “Enjoying God.”8 Another way neoliberal ideology’s free market fantasy accounts for the winners’ failures to enjoy combines the division between material and spiritual values with the problem of excess. We might consider in this regard the figure of the entrepreneur or executive who seems to have it all, but actually doesn’t. In the first place, it is never clear how much “it all” is – how much is necessary and for what? This question is perpetually deferred in the fantasy of a free market insofar as buying and selling, investing, and even bequeathing never stop. The market continues, until the end of time. In the second place, the free-marketeer, the fantasmic businessman, corporation, or investment banker (in each of us) has to be careful and not be too absorbed, too captivated, by the delights of the free market. The sacrifice is too much when it involves the marketeer’s friends, family, and soul.

Charles Dickens’s character of Ebenezer Scrooge is perhaps the most familiar reminder of what happens to those who fail to enjoy precisely because of their investment in the free market. Inverting Dickens’s story of a miser who turns moderation into excess, the 1997 film The Game (directed by David Fincher) offers a character for a neoliberal age, Nicholas Van Orton (played by Michael Douglas). More than a story of the cold investment banker, fabulously wealthy and successful yet nonetheless incapable of connecting with his wife, his brother, or a childhood trauma (he witnesses his father’s suicide), the film treats Van Orton’s financial and material success as profoundly boring and repetitive (in stark contrast to another Douglas character, the corporate raider Gordon Gekko in Oliver Stone’s 1987 film, Wall Street; in the earlier film, Gekko’s success, even his coldness – as in the famous line, “Greed is good” – appears as the ultimate object of desire). In The Game, other white men at the top, the real players, are shown expressing their sense of boredom and entrapment. Persisting in a stultifying environment of pervasive enjoyment, they need desperately to install the gap necessary for desire. The solution is “the game,” an unpredictable, high-risk game in which the players don’t know the rules, the other players, the conditions, the limits, or even what determines a win or a loss. The game repeats in another space the brutality of the neoliberal market, returning to its players the possibility of desire that their successes had foreclosed.

The mistake involved in excessively sacrificing for the sake of success is one of overidentification, of identifying too much with neoliberal ideology. As Žižek argues, “an ideological identification exerts a true hold on us precisely when we maintain an awareness that we are not fully identical to it, that there is a rich human person beneath it” (1997: 21). The free-marketeer who sells himself, who sells out, who sells it all, overidentifies with neoliberal ideology, eliminating the place of the warm, interesting person that the system is supposed to serve, whose needs the system is supposed to meet. In sacrificing everything to the system, the player, the investment banker or entrepreneur, acts as if such a sacrifice is necessary for success, thereby subverting the fantasy that we are all winners. The Game, incidentally, does not subvert this fantasy – in the end, Van Orton, having been, like Job, stripped of everything, confronts his trauma, becomes a full person, and reconciles with his family.

Another version of the overidentified, overinvested free-marketeer is the one who clearly delights in the game, in the risk, the hunt, the thrill of the market. A key motif in market-porn, that is in memoirs of life in business, the fascinating-repulsive market predator exposes the obscene supplement of the free market fantasy. His enjoyment depends on the other’s losing. He only wins when others lose. According to business memoir conventions, the predator ultimately has to lose in some domain – his business is taken over or collapses, he loses his family, or he loses his sense of self. This loss is thus accompanied by lessons, lessons now made available to everyone so that we can avoid his mistakes and be ourselves winners in the free market.

I’ve been describing free trade as the fantasy that occludes and sustains the brutality of neoliberal capitalism. Free trade establishes possibilities through which we narrate our relation to enjoyment. Žižek suggests that what makes desire possible in contemporary conditions is the “despotic figure which stands for the primary jouisseur,” the one who appropriates all enjoyment (1999: 315). My reading of the fantasy of free trade suggests otherwise. This fantasy provides a more complex organization of enjoyment, one that promises that everyone wins, uses losses to reconfirm the necessity of strengthening the system so that everyone wins, and perpetually displaces the thieves of enjoyment throughout the system as warnings, exceptions, and contingencies.

### Jones

Jones blank date [Toby C. Jones. “On Energy, War, and Global Capitalism.”] AJ

Aara

#### Oil and energy networks fit outside our understanding of neolib

And yet, as my panel colleagues make clear, the critical embrace of neoliberalism

comes at some cost, closing off other analytical possibilities. Energy’s flow, the

wealth the sale of petroleum generates, the ways in which petro

-­‐

power shapes

relations bet

ween a broad range of actors globally, does not fit the conceptual

frameworks that are often deployed to make sense of neo

liberalism. Large oil

producers like Saudi Arabia

wield fantastic wealth and often use their financial

resources to shape relations an

d economic ties outside the institutions

central to the

neoliberal order and with significantly different political economic objectives.

More importantly here, energy’s relationship to the global political economy,

especially in the ways that it has becom

e integrated in a system of violence, operates

in parallel, if not entirely outside, the neoliberal order. That is, the technopolitical

system that links energy and war, while it intersects with neoliberalism in various

ways, also exists to some extent out

side of it, a global order unto itself

#### The US fucked with sovereignty in the middle east in pursuit of oil. It created a space of constant power exertion

From the mid 1980s the United States and its allies in the Gulf, a group that included the governments of Kuwait, Iraq, Saudi Arabia, Bahrain, and others, understood that controlling and protecting the flow of oil required the creation a physical network, a mobile infrastructure on the fluid waters of the Persian Gulf, that enabled their own movement, assured their primacy, and that simultaneously limited the mobility of Iran. In the early 1980s, it was Iran that enjoyed the most freedom of movement in the Gulf. From the perspective of the US and its allies, it was an arrangement that had to be overturned. In pursuit of these objectives, the American-­‐Arab oil producing axis helped build an order in which existing objects in motion, most importantly the giant supertankers that transported Arab oil, were linked to new ones, including US military warships as well as new kinds of militarized technologies on both the sea and in the air. The result was not a system in which energy was just protected. Rather, it was a system in which energy, the “military,” and war all became vital and constituent components. Moving oil was critical, of course. But equally important, was the creation and protection of the militarized system of transportation and distribution itself.

In creating a new technopolitical order around energy and war, the United States and its allies engaged in a struggle to make and unmake space and movement in the Gulf, to create both a system of surveillance and control that privileged themselves as well as in a struggle to refashion the political geography of the region. By doing so they challenged, ignored, and reshaped what had previously been traditional rules governing sovereignty, boundaries, and the movement of people and things. Indeed, among the political changes ushered in by the creation of the new system were challenges to the prevailing sovereign order and the place of nation-­‐states and their boundaries. While some borders continued to matter, in places like the southern Gulf and the Strait of Hormuz, sovereignty was increasingly attributed and connected to the ships and other objects in motion. The fluidity of the Gulf, the fact that both the seascape and the objects moving on it, were always in motion, gave rise to a corresponding fluidity in the technopolitical and geopolitical order in the region. It was both making certain kinds of mobility possible and closing off other kinds that were prioritized. The result was the system was, according to those who sought to control, always in crisis and, thus, always at war. It has been every since.

### bleh

#### Congo was treated pretty horribly as a result of colonialism

King Leopold II of Belgium appealed to the international community for possession of the territory he called the Congo by spewing humanitarian objectives and assuring that other Western powers would be able to trade with the Congo.45 However, after being granted possession of the territory at the Berlin Conference in 1885, Leopold established a system of forced labor to exploit his territory’s natural resources, especially rubber. Treaties with local leaders granted him complete access to “vacant land” as well as mandatory manual labor by all the people within his newly acquired territory.46 In his book, King Leopold’s Ghost, Adam Hochschild estimates that between 1880 and 1920 nearly ten million lives were lost due to disease, killings, or infertility resulting from the conditions of colonialism.47

As the Congo Free State was a personal possession of King Leopold until 1908, the Belgian public had no say in its rule. In fact, many Belgians were uninterested in the Congo beyond possibilities for personal gain in the colonial process.48 In the early 1900s, when the extraction of rubber became highly profitable, reports of atrocities in the Congo started to filter back to the US and Europe. Joseph Conrad’s Heart of Darkness, although a work of fiction, highlights some of the inhumanity practiced within the Congo during colonialism. Leopold’s management policies for the Belgians in Congo led to many of the worst abuses. For example, he required that colonial officials only use the ammunition he provided to fight the autochthonous people. They were forbidden to use it to hunt animals for food. To prove they had followed his instruction, officials had to turn in a corresponding number of human hands to the amount of ammunition they had used. This policy led to Belgian officials cutting off the hands of people they had not killed and bringing them to their superiors.49 This practice completely disregarded the humanity and physical autonomy of the people in the Congo.

### Sachikonye 10

Sachikonye 10 [Tawanda Sachikonye. “A Foucauldian Critique of Neo-liberalism.” A thesis submitted in partial fulfilment of the requirements for the degree of: MASTERS IN POLITICS Of RHODES UNIVERSITY. January 2010] AJ

#### Discourse is the root cause of material conditions – historical examination is key. Prefer empirics that also identify causality

Sachikonye 10 [Tawanda Sachikonye. “A Foucauldian Critique of Neo-liberalism.” A thesis submitted in partial fulfilment of the requirements for the degree of: MASTERS IN POLITICS Of RHODES UNIVERSITY. January 2010] AJ

These discourses shape our lives and have power-effects which become expressed in a real material sense. For example, the discourses pertaining to mental health have created the mental institution; within our society one can be classified as being mad and thus be condemned to a mental institution. Discourses pertaining to criminology stipulate what is legal and what is illegal. If one commits a crime then one faces penalties such as imprisonment or the death penalty (in some countries), both of which are real ̳power- effects‘. Foucault traces the origins of these discourses through his archaeology, which seeks to uncover notions that have generally being accepted as given. Archaeology for Foucault means the process of uncovering notions such as madness, criminology and others within their historical contexts. In essence, archaeology asks the question: under what circumstances did particular discourses emerge? Foucault argues that these discourses are not to be taken for granted or as though they are always present, for they only appear within a specific period and social context. Mills puts it as follows: ―[a]rchaeological analysis is not interpretive; that is, it does not offer explanations of what happened in the past- it simply describes what happens and the discursive conditions under which it was possible for that to happen‖ (2003: 24).

#### Neolib was an attempt by elites to maintain power and reduce the influence of workers. This increased poverty

The Midnight Collective argues that neo-liberalists responded to workers‘ power- by firstly, relocating the means of production to outside of the United States to take advantage of the cheaper labour and lower taxes in the poorer countries; and, secondly, by initiating the deterritorialization of capital so as to spread risk (2009: 4). The third response was increasing competition amongst workers by expanding the labour market (Midnight Collective,2009: 4). The fourth response was to allow the dissipation of the welfare state; and the final response to the workers‘ movement was land expropriation (Midnight Collective, 2009: 4). Thus, it can be observed that neo-liberalism was in part a calculated vicious attack and response to the workers‘ struggles of the 1960‘s and 1970‘s.

During the Reagan administration the dissolution of the welfare state was effected. Lipsey et al write: ―[t]he Reagan administration consistently articulated a view that with a strong private economy there would be no role government transfers8 except to support a small group of the ̳truly needy‘ ‖ (1990: 413). This meant that the American government was indirectly stating that it was extensively cutting down on the delivery of social services except for those who were denoted by the subjective phrase ̳truly needy‘. The ̳central tenet‘ of the neo-liberal programs of the Reagan administration was the notion that economic growth was the long term solution to the ̳war on poverty‘ (Lipsey et al., 1990: 413). President Reagan announced: ―[o]ur aim is to increase national wealth so all will have more, not just a sharing of scarcity‖ (Lipsey et al., 1990: 413). From such a statement one can see that there is emphasis on growth through the ̳increase of national wealth‘. In order to make the economy more efficient and recover from the crisis of the 1970‘s the Reagan administration sought to decrease the American federal government‘s domestic expenditures by cutting spending on what they deemed ̳expensive‘ welfare initiatives that they argued had not really made much difference ̳in any case‘ (Lipsey et al., 1990: 413).

Thus, the Reagan administration cut the funds for social assistance programs like food stamps, Aid to Families with Dependent Children (AFDC) and Medicaid (health cover) with the hope that the economic recovery resulting from the reduction in government spending, accompanied by reduced inflation would ̳ameliorate the lot of the poor‘ (Lipsey et al., 1990 :413). Lipsey et al note that 20% of welfare recipients lost some or all of their benefits and that the number of the people living below the poverty line in America ―increased sharply between 1979 and 1987‖ despite the fact that by 1987 the unemployment rate was lower than it had been in 1979 (1990: 413-14). Thus, it can be concluded that the neo-liberal approach to dealing with the problem of poverty in America has actually increased the poverty rates (Lipsey et al., 1990: 416) instead of reducing them through proposed economic growth. Lipsey et al explain:

―The antipoverty policies that were developed between the 1930s and 1980 included attempts to expand employment opportunities; retraining programs intended to match people with available jobs; social insurance to help the able bodied meet the risks of unemployment and retirement; and categorical assistance designed to help those unable to care for themselves. The evidence is clear that these policies greatly reduced poverty in the United States [my emphasis]‖ (1990: 415).

It becomes clear that the neo-liberal approach in America led to an increase in poverty that undid the work Keynesian approaches to the economy and poverty had achieved. In other words, neo-liberalism reversed the gains established by a mixed economy which allowed for the role of a welfare state. Using America as a case study it becomes apparent that neo- liberalism does not alleviate poverty through its proposed growth approach.

#### Neolib dominates the world through institutions like the IMF

Neo-liberalism has managed to monopolise the global market and expand its capital base worldwide. Thus, the rise of contemporary globalization has gone hand in hand with the development of neo-liberalism. Harvey writes:

―[t]ariffs had to be reduced, anti-protectionist trade agreements constructed and an international order opened up that permitted the relatively free flow of capital worldwide. If this could not be accomplished peacefully then financial coercion (orchestrated through the IMF) or covert operations (organized by the CIA) were brought to bear‖ (2006: xxv).

To facilitate the global dominance of neo-liberalism America has international institutions like the International Monetary Fund (IMF) and World Trade Organization (WTO) which ensure the consistent application of neo-liberal principals and tenets worldwide. This is in order to make certain that ―every possible barrier to the profitable deployment of [capital] surplus‖ is broken down (Harvey, 2006: xxv).

#### Neolib – why it’s bad structurally

Thus, the ̳globalized financial system‘ that neo-liberalism established in the 1980‘s is facing an unprecedented crisis. Having discussed the immediate reasons leading up to the crisis, it is now important to discuss the deeper causes of the crisis of neo-liberalism.

Krugman writing in the New York Review of Books16 states that in the ̳aftermath‘ of the Great Depression banks were tightly regulated and that ―international movements of capital which played a disruptive role in the 1930s, were also limited. The financial system became a little boring but much safer‖ (2008b). Krugman goes on to explain:

―Then things got interesting and dangerous again. Growing international capital flows set the stage for devastating currency crises in the 1990s and for a globalized financial crisis in 2008. The growth of the shadow banking system, without any corresponding extension of regulation, set the stage for latter-day bank runs on a massive scale. These runs involved frantic mouse clicks rather than frantic mobs outside locked bank doors, but they were no less devastating‖ (2008b)17.

Krugman‘s point is that neo-liberal economic measures such as shadow banking and hedge funds which facilitate the rapid movement of capital flows and profit making had been to a greater extent unregulated. This in turn led to excessiveness in terms of financial transactions, eventually culminating in recession and the subsequent financial crisis. Shadow banking is defined as a system of non-financial institutions which borrow money on a short term basis and then use it to ̳invest in long-term assets‘; shadow banking systems are however able to avoid general banking regulations through their use of credit derivatives18 (Investor Words.com).19 Hedge funds are defined as an: ―[e]xceptionally risky and largely unregulated US investment partnership which employs aggressive leverage to multiply gains (or losses) from fluctuations in the prices of financial instruments (bonds, notes, securities)‖ (Business Dictionary.com)20 Soros in an interview21 says :

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―I think hedge funds should be regulated like everything else. In other words, you have to control leverage—credit obtained for investment purposes—somewhere. Excessive use of leverage is at the bottom of this problem. And there have been hedge funds that have been using leverage excessively and some of those have gone broke. The amount of leverage that people are allowed to use has to be regulated‖ (2008). Thus, it appears that the financial crisis was caused by the failure to regulate capital flows within the neo-liberal economic system. Both shadow banking and hedge funds were beyond regulation meaning that the economic system was open to abuse and inordinateness. Soros in relation to the financial crisis states that the dominant notion that underlies the neo-liberal economic system is that of ̳market fundamentalism‘ which holds that ̳markets are self- correcting‘ (2008)22. Soros in the New York Review of Books writes:

―Although market fundamentalism is based on false premises, it has served well the interests of the owners and managers of financial capital. The globalization of financial markets allowed financial capital to move around freely and made it difficult for individual states to tax it or regulate it. Deregulation of financial transactions also served the interests of the managers of financial capital; and the freedom to innovate enhanced the profitability of financial enterprises‖ (2008)23.

It becomes clear from Soros‘ sentiments that the absence of regulation, with regards to financial institutions and systems based on the belief in the ̳market‘, is the deep seated cause of the financial crisis. Wade asserts that the financial crisis was a result of inefficient regulation; he terms this failure to regulate capital, the ―biggest regulatory failure in modern history‖ (2008: 12). Hence, the belief in the sovereignty of the market as espoused by neo- liberalism has been drastically undermined by the 2007-2008 financial crises. This in turn jeopardises neo-liberalism as an economic policy. Wade writes:

―The shocks of the past year—another thirty years on from the last major shift—support the conjecture that we are witnessing a third regime change, propelled by a wholesale loss of confidence in the Anglo-American model of transactions-oriented capitalism and the neoliberal economics that legitimized it (and by the US‘s loss of moral authority, now at rock bottom in much of the world)‖ (2008: 6).

#### Neolib is deeply embedded in the global market

Even though the neo-liberal project has suffered a heavy blow in terms of the recent economic recession and the credit crisis in America this does not mean it has been completely defeated. Its structures and institutions are still in place. Indeed it is quite astonishing to observe how extensively neo-liberalism has permeated human society. The whole world has been affected by neo-liberalism; this then serves as testament to its dominance. One immediate explanation for this is that neo-liberalism has become intertwined with contemporary globalization and, as a result, has been able to take full advantage of the technologies and opportunities that contemporary globalization presents. These include media like the internet, electronic flows of money, satellite television as well as cellular technology. The aforementioned are a part of our daily human existence, of course not to the same degree everywhere, as social and economic contexts differ greatly. Globalization has created a context in which those who benefit the most from neo-liberal policies can operate virtually anywhere around the globe. McEwan notes: ―[w]hile the basic tenets of neo-liberalism operate in the rich countries the policy plays its most powerful role in many of the low- income countries of Latin America, Africa, Asia and Central and Eastern Europe‖ (1999: 4).

#### Neolib is oppressive and fucks over developing countries

If one is to provide a critique of a particular social system one must expose its oppressive nature. Young‘s definition of oppression is broad and therefore useful for this study. According to Young oppression is ̳structural‘ in the sense that its causes are ̳embedded‘ within ―norms, rules, daily habits, customs and institutions‖ (1990: 41). This type of oppression is always present in modern society and is part of our lives on a consistent basis, through the normal ̳processes of everyday life‘ (Young, 1990: 41). Young explains that structural oppression is ―systematically reproduced in major economic, political, and cultural institutions‘ (1990: 41). Neo-liberal society involves the economic, political and cultural because neo-liberalism is not just an economic system; it is also a politico-socio system that structures and determines social life. This means that neo-liberalism is an all encompassing phenomenon that determines how we live our lives. Neo-liberalism‘s major tenet is the sovereignty of the market, and not the people. Thus the fact that neo-liberalism is not people oriented hints that it could marginalise and exploit. By using Young‘s definition one is able to then look out for the oppression that stems from the institutions of the neo- liberal system. The argument is that neo-liberalism is a form of ̳systematic oppression‘ (Young, 1990: 41). Young also discusses how capitalist society is an example of systematic oppression in that there is exploitation in that ―some people have great wealth while most have little‖ (1990:49). Thus, exploitation appears to be an inherent feature of the capitalist system.

Young discusses how the privileged group, the capitalist class, is able to gain from the labour of the rest of society, through control of industrial production. Young also explains how marginalization is part of this oppressive system since people are excluded from participating meaningfully in social life due to their being poor or unemployed (1990: 53). Young argues that such people are likely to experience ̳severe material deprivation‘ (1990: 53). Thus, it can be argued that neo-liberal society is a form of systematic oppression that exploits and marginalizes people.

As has been noted in the previous section neo-liberalism does not reduce the amount of poverty in a society. As shown by Lipsey et al (1990) during the Reagan administration poverty levels increased as a result of the application of neo-liberal policies. The growth principle does not alleviate poverty and actually increases inequality. The irony of this is: if America could not alleviate the poverty in its own country through neo-liberal policies how could the same policies achieve this goal on the international scale? In fact we might question what was the point of the neo-liberal policies implemented by the IMF and the World Bank? The answer is that this was done in order to coerce developing nations into adopting neo- liberal policies. Fraser writes: ―[i]n the Third [World (sic)], by contrast, neoliberalization was imposed at the gunpoint of debt, as an enforced programme of ̳structural adjustment‘ which overturned all the central tenets of developmentalism and compelled post-colonial states to divest their assets, open their markets and slash social spending‖ (2009: 107).

This had disastrous consequences for many poor nations, especially in Africa which were hit hardest by the cutting of state expenditure in relation to education and health. Stromquist writes: ―comparison of educational conditions in Africa with other regions, such as Latin America ...shows a consistent pattern of negative impacts of SAPs upon education‖ (1999: 20). Stromquist goes on to explain that the African and Latin American countries that have implemented IMF structural adjustment programmes (SAPs) have experienced ̳reductions‘ in educational budgets and subsequently in enrolments in ̳primary and secondary schooling‘ (1999: 21). The result has been that most African states do not have adequate health infrastructure and education levels are compromised. In Africa a preventable disease like malaria kills over 700 000, people most of them children (Unicef).24 This highlights the lack of adequate investment in terms of health infrastructure. McEwan notes that democratic economic development is undermined by neo-liberalism (1999: 5). As a result the ―rapid expansion of literacy programmes and other educational efforts would be hampered because they would require a major role for the public sector‖ (McEwan, 1999: 5). McEwan also writes: ―heavy investment in health-care programmes runs contrary to neo-liberalism‘s prescription of a minimal role for government in economic affairs‖ (1999: 5). Even efforts by the government to provide employment through an initiative like public works programmes cannot be implemented because neo-liberal policy deems that ̳production activity‘ must be left to the private sector (McEwan, 1999: 5). Thus government should not get involved in employment creation.

#### Neolib institutions like the IMF coerce developing countries into using neoliberal policies and PUNISH THEM for caring about their citizens

McNally states that WTO agreements have clauses through which private corporations can ̳punish‘ governments that refuse to follow WTO stipulations, by putting the needs of their people as the top priority instead of the promotion of the free market (2002:195). The institutions that legitimize neo-liberalism such as the WTO and IMF have made it mandatory to adapt and follow neo-liberal polices because by not conforming to the norm a nation faces an indirect threat in the withholding of necessary loans and capital, which are absolutely vital for developing nations. Burchill writes:

―Developing societies are expected to adopt the free market blueprint (sometimes called the ̳Washington Consensus‘) - opening up their economies up to foreign investment, financial de-regulation, reductions in government expenditure and budgetary deficits, the privatization of government - owned enterprises, the abolition of protection and subsidies, developing export oriented economies - or risk the withholding of much needed aid and finance‖ (2005: 76).

McNally argues that the WTO agreements preserve neo-liberal ideology and goals. He states that at the core of the ̳trade‘ agreements are laws that prevent any democratic engagement by the people of a particular nation with the ̳unaccountable powers of capital‘ (2002: 195). Burchill notes that neo-liberalism places emphasis on profit opportunities rather than national or community interest (2005: 76). The World Commission on the Social Dimension of Globalization (WCSDG) stated that the trade expansion that has accompanied globalization has not really benefitted the poor nations. The WCSDG notes:

―...the majority of developing countries did not experience significant trade expansion. Indeed, most of the Least Developed Countries (LDCs), a group that includes most countries in sub-Saharan Africa experienced a proportional decline in their share of world markets - despite the fact that many of these countries had implemented trade liberalization measures‖ (2004 :25).

The example of South Africa illustrates the dominance and adverse effects of neo-liberalism. Gumede (2005) notes that the African National Congress (ANC) during the transition phase from apartheid believed that nationalisation was the only way the poverty and structural inequalities facing South Africa could be dealt with. Quoting Mandela, Gumede writes: ―nationalisation of the mines, banks, and monopoly industry is the policy of the ANC, and a change or modification of our views in this regard is inconceivable‖ (2005: 68). Gumede goes on to state that Mandela at the time saw this as the only measure that would ―eradicate [the] inequalities of apartheid‖ (2005: 68). The irony of this is that during his premiership Mandela adopted neo-liberal economic policies, contradicting his initial declarations of nationalisation as the ANC‘s only economic alternative.

#### South Africa spent 3x as much money paying debts to “impress the market” as they did housing citizens

The ̳necessary climate‘ meant creating the necessary conditions in South Africa for neo- liberal policies. In 1993 the ANC accepted signed an ―$ 850- million IMF Compensatory and Contingency Financing Facility‖ (Gumede, 2005: 77). In essence, this ̳facility‘ was a conditional IMF loan. As Gumede writes: ―[t]he secret letter of intent that accompanied the loan pointed out the dangers of increases in real wages in the private and public sector, stressed the importance of controlling inflation, promised monetary targeting, and trade and industrial liberalisation, and argued in favour of the virtues of market forces over regulatory interventions [my emphasis]‖ (2005: 77).

This quotation shows how institutions like the IMF initiate neo-liberal policies in developing nations during transitionary phases, be they at independence or after a war. In the light of having accepted the loan, the ANC government as a sign of goodwill that would attract investor confidence agreed to repay the apartheid government‘s outstanding debts to international commercial banks as well as any remaining national debts (Gumede, 2005: 78). In 1994 at the time the ANC officially came into power the debt totalled R190 billion, by March 1999 this debt had ballooned to R376 billion (Gumede, 2005: 78). The reasoning behind paying the debt is described by Gumede:

―...agreeing to pay the debt would elicit a positive response from the market, and South Africa‘s first black government would gain enormous stature in the international community by doing what none of its counterparts elsewhere in Africa had been willing to do‖ (2005: 78).

Unfortunately, this would be at a grave disadvantage if not disservice to the majority of South Africans, especially the poor, who were still experiencing the harsh legacy of apartheid. Lodge notes that by the year 2000 the government had built 1 129 612 cheap housing units accommodating 5 million of an estimated 12.5 million who were without adequate housing at a cost of R40 billion (2000: 57). What is disturbing about this is that in six years government had only spent R40 billion on housing. Yet it was willing to pay off a debt that it did not incur, over triple the amount it had spent on housing, in order to ̳gain enormous stature‘ and ̳elicit a positive response from the market‘! It becomes apparent that the ANC‘s loyalties lay more with the ̳market‘ than with its electorate: the South African people.

#### Neolib institutions don’t give two shits about poverty

In the light of this one can note that the governments of poor nations cannot act on the behalf of their people and provide for even their essential needs: health and work, through neo- liberal policies. More than half of the world is affected by poverty yet the world economic system is not designed to cater for their needs and improve their conditions. Of a total world population of 6.8 billion people (Population Reference Bureau, 2009: 3); 3 billion survive on less than $2.50 a day (Shah, 2009)26. This shows how almost half the world is adversely affected by poverty. According to the United Nations Children‘s Fund (UNICEF), 25 000 children die everyday due to poverty in the developing world (Shah, 2009)27. The global economy is geared towards profit accumulation for those who already have huge amounts of capital. Cammack states, in this regard, that the World Bank‘s policy with regards to poverty in the developing world is to advise developing nations to:

―intervene less in the industrial and agricultural pricing; deregulate restrictions to entry and exit; ensure adequate infrastructure and institutions; remove restrictions on trade and investments, lower tariffs and move away from

discretionary forms of trade control; and introduce appropriate market-based incentives for savings and investment‖ (2002: 133).

Cammack‘s statement makes it clear that neo-liberal policies do not seek to reduce poverty or suit poor nations‘ needs and context; rather they suit the principles of the market and promote global trade in which developed countries benefit the most. Harvey notes that in the late 1990‘s the gap between the rich and poor had become colossal; referring to UN reports he writes: ―[t]he world‘s 200 richest people ̳more than doubled their net worth in the four years to 1998, to more than $1 trillion,‘ so that ̳the assets of the world‘s top three billionaires were more than the combined GNP of all least developed countries and their 600 million people‖ (2006: xi).

#### Neolib creates structures of power by interfering with our ability to question it

Dufour (2008) notes that the current form of capitalism, neo-liberalism, is unique in that it has the effect of ̳shrinking our heads‘. By this Dufour means that neo-liberalism has managed to establish a system that adversely affects how human beings reason and understand the world around them. He writes:

―[i]t is as though the full development of instrumental reason (technology), which was made possible by capitalism has resulted in a deficit of pure reason (the ability to judge a priori what is true and what is false, or even what is good and what is evil)‖ (2008:2).

Dufour argues that the fact we live in a neo-liberal era and continue with our lives shows how neo-liberalism has drastically impaired our notion of reason. Neo-liberalism is an absurd and cruel system yet the majority of society willingly participates in it; for Dufour, this is truly worrying because it shows a serious lack of reasoning and effective human agency. Dufour argues that human society has become overwhelmingly dominated by the market. Harvey puts it thus:

―[t]he widespread acceptance of the benefits to be had from the individualism and freedoms that a free market supposedly confers, the acceptance of personal responsibility for one‘s own well being together constitute serious ideological barrier to the creation of oppositional solidarities. They point to modes of oppression based on human rights and voluntary associations (such as NGOs) rather than to social solidarities, political parties and the capture of state power. There is a sense, therefore, in which we have all become neoliberals‖ (2006: xiii).

Dufour argues that neo-liberalism is eliding any sense of symbolic value that lies beyond the dominance of the market. Symbolic value refers to the transcendental values that underpin human commercial exchange (Dufour, 2008: 4). Dufour (2008: 4) argues that neo-liberalism has no reference to any ̳absolute or metasocial guarantor‘; hence human exchanges are underpinned by the values of the market, which include profit maximization first and foremost and consumerism. Dufour explains that as a result ―[w]e have now ceased to refer to any transcendental values when we become involved in exchanges‖ (2008: 4). As a result, commercial exchanges are no longer guided nor guaranteed by a higher transcendental or ethical power (Dufour, 2008: 4); instead they are ―valid by virtue of the direct relationship they establish as commodities‖ (Dufour, 2008: 4). The ultimate result of this is that commodity exchanges ―are, in a word, beginning to desymbolize the world‖ (Dufour, 2008: 4). This is indeed a grave situation in that human society has for decades been desensitized to the adverse effects and oppressive nature of neo-liberalism.

Without a sense of moral outrage at neo-liberalism it is difficult to imagine mobilizing against it. Dufour states that without symbolic value there is no deliberation ―ethical, traditional, transcendent or transcendental‖ that opposes or counters the values of the market (2008: 5). The end result is frightening, as Dufour explains:

―[t]he outcome is the desymbolization of the world. Human beings no longer have to agree about transcendent symbolic values; they simply have to go along with the never-ending and expanded circulation of commodities‖ (2008 :5).

This amounts to a searing critique of the effects of neo-liberalism on human society. But Dufour‘s analysis raises an important additional question: now that the market is supreme and indeed employs the powers of the state, does it now have the ̳governmental technologies‘ (borrowing the term from Foucault) it needs to govern individuals within society? This is a question that will be answered in chapter four.

#### Idealism fails – only materialism makes sense

For Marx, idealism is not able to change or reform the material realities of life because it views reform or change from a predominantly ideational perspective which does not acknowledge the empirical reality of the material world. For those who subscribe to idealism, the only way to change the world is to change the way we think about it and come up with new notions of how to view the world. Schmitt states that ―Marx and Engels‘ materialism is opposed to this idealism‖ (1987: 31). This argument is well captured by Edgely who writes:

―[a]uthorization by philosophy is something that science cannot have and does not need. Science has no foundations within theory itself. Indeed, all theory has its basis in material reality, but science is the only form of theory that recognizes this and thus the only form capable of adequately representing reality‖ (1983: 370).

This explains why Marx chooses to base his theory on economics and the material fact of a class system. By having a materialist theory Marx is able to show what accounts for capitalism and its various evils. Hence, logic clearly shows that for there to be a rupture with capitalism material economic power must be attained by the oppressed class and the class system must be destroyed along with its privileges in order to establish an egalitarian society. By transforming material conditions people in effect transform all of human society.

#### The ruling class controls knowledge production and shapes the dominant ideologies of society

The problem with ideas that emanate from the superstructure is that they tend to distort things so that the ―superstructural descriptions sometimes serve their function by misrepresenting our practices to ourselves‖ (Schmitt, 1987: 37). Schmitt argues that the superstructure essentially ̳plays its role‘ by deceiving society about its daily activities or practices; it is in this sense that the superstructure is ideological (Schmitt, 1987: 38). Schmitt defines ideology as beliefs that are adopted by people not because they are rational, but, because they are affirmed by society through ̳force or deception‘ (1987: 52). Reflections on the nature of human action in relation to the mode of production do not come about randomly. Mandel explains that individuals do not just ̳invent‘ new ideas; rather ―most individuals think with the help of ideas learnt in school or in church, and...with the help of ideas borrowed from the TV, radio, advertising and the newspapers as well‖ (1979: 29). Mandel writes: ―[t]he current production of ideas, and of systems of ideas [my emphasis] called ideologies, is rather limited. It is to a large extent ...the monopoly of a small minority in society‖ (1979: 29). Marx critiqued ideologists (makers of ideology) as having incomplete concepts and ideas (Schmitt, 1987: 54). This is because they ―provide us with only part of the truth. They distort reality by giving a one sided account. Ideology is not literally the opposite of truth but a truncated version of it‖ (Schmitt, 1987: 54). Mandel bluntly asserts that the ̳dominant ideology‘ within class society is that of the capitalist or ̳ruling class‘ (1979: 30-1). The function of ideology is to stabilise society or rather more precisely to stabilise class rule (Mandel, 1979: 30). Mandel states:

―The law protects and justifies the predominant form of ownership. The family plays the same role. Religion teaches the exploited to accept their fate. The predominant moral and political ideas seek to justify the rule of the dominant class with the help of sophisms and half-truths‖ (1979: 30).

#### Cap is exploitatitive

For Marx, the capitalist system is an exploitative system that allows for the exploitation of the working class by the bourgeoisie. Harvey notes that competition amongst capitalists results in each of them trying to use the most efficient labour process so as to ensure high levels of productivity and maximum profits. The result of this is that there is a ―perpetual incentive for individual capitalists to increase the rate of accumulation through increasing exploitation in the labour process relative to the social average rate of exploitation‖ (Harvey, 2006: 29). Harvey argues that due to competition amongst the capitalists in order to achieve maximum profits, the capitalists may increase the hours of the working day to the detriment of the labourers (2006: 29). The result of this is naturally an instant reaction by the proletariat demanding a ̳normal working day‘ (Harvey, 2006: 29). This is because the workers are likely to suffer if such policies (like increasing working hours for profit) of the capitalist class are accepted for the sake of maximum returns and profitability (Harvey, 2006: 29). A major concern for the working class is oppression by ̳the machine‘. Harvey states that the machine becomes a ̳powerful device‘ used for regulating the activity and productivity of workers (2006: 32).

Thus, the worker has to ̳conform to the dictates‘ of the machine which is under the control of the capitalist (Harvey, 2006:32); this shows how the capitalist indirectly controls the worker. There is also a sense of objectification in terms of how the worker labours under the ̳dictates‘ of a machine; in this instance an inanimate apparatus dehumanizes an individual through the labour process. Marx observes this when he talks of how through the domination of a machine there is the reversal of the subject-object relation as the ―labourer becomes the object of the machine‖ (Poster, 1984: 49). The exploitative nature of the capitalist system is well captured by Harvey in the following quotation:

―The overall result is this. The competition for accumulation requires that capitalists inflict a daily violence upon the working class in the work place. The intensity of that violence is not under individual capitalists‘ control, particularly if competition is unregulated. The restless search for relative surplus value raises the productivity of labour at the same time as it devalues and depreciates labour power, to say nothing of the loss of dignity, or sense of control over the work process, of the perpetual harassment by overseers, and the necessity to conform to the dictates of the machine‖ (2006: 33).

Marx himself notes: ―[s]ince the surplus – value, the additional capital created by labour, is the source of the capitalist‘s privileged position, it is in their interest to receive as much labour as possible for as little money as possible‖ (Marx in Graham,1992: 106). Thus, exploitation in capitalism centers on surplus value. Himmelweit notes that the extraction of surplus is the ̳specific way‘ in which exploitation takes place within capitalist society (1983: 472). Surplus value takes the form of ̳profit‘, and ―exploitation is observed in terms of how the proletariat produces a net product which is essentially sold at a higher sum than the amount workers receive as wages‖ (Himmelweit, 1983: 472). Exploitation in capitalist society is also visible in relation to the issue of how the proletariat lacks access to the means of production. Wood explains that capitalist society is ̳characterized fundamentally‘ by the reality that the means of production are owned by an elite minority who in turn ̳employ these means‘ in order to achieve profit maximization through investment (1981: 47). Mandel notes, that as material production develops and as relations of production become those of a society divided into classes, ―the mass of humanity no longer controls the entirety of its production or the whole of its productive activity. It therefore no longer controls its social existence‖ (1987: 185). Thus, workers having to work so as to secure their basic material needs, participate in the capitalist system and thus help reproduce capitalist relations of production. Schmitt explains that the implication of this is that the activity of working which is

―potentially the source of human self-definition and human freedom, is...degraded to a necessity for staying alive. Work could be the source of a genuinely human life; but here it comes to no more than the prerequisite for maintaining biological existence‖ (1987: 154).

Thus, survival literally becomes ̳everything‘ (Schmitt, 1997: 154).

#### Neolib exploits developing countries

With the advent of neo-liberal capitalism the structure of ̳global capitalism‘ enabled multinational corporations to base their operations in developing countries so as to take advantage of cheaper labour, ̳surplus extraction‘, lower taxes and the diminished role and influence of trade unions. All this was possible as developing countries are generally desperate for any foreign investment and inclusion in the ̳global economy‘34. Thus, Marxism is still very relevant and pertinent as the class system is still applicable, globally as well as nationally. Billions of workers are to be found all around the world working just to earn a living but having no control over the means of production. Shoe corporations are an example of this, as are many other corporations and their subsidiaries. Harvey writes:

―The global labour force...has been put under intense pressure. Reports rolled in from all around the world in the mid -1990s graphically describing the desperate conditions of workers in, for example, Nike factories in Vietnam, Gap workers in El Salvador and garment workers in Dacca...Scandals over child-labour in Pakistan in the manufacture of carpets and soccer balls became common grist in the media and Michael Jordan‘s $ 30 million retainer for Nike was set against press accounts of the appalling conditions of Nike workers in Indonesia and Vietnam‖ (2006: xii).

Harvey also notes that over a billion people struggle to survive with earnings of no more than $2 a day (2006: xii). In the light of this, the exploitative nature of the capitalist system is clearly apparent.

#### A2 Marx – too totalizing

One of the major limitations of Marxism is its totalizing nature. This is because of Marx‘s assumption that the individual theorist should be able to ̳conceptualize the totality‘ (Poster, 1984: 55). In terms of an intellectual being able to ̳conceptualize the totality‘, Poster states that ―[i]n Marx‘s writings one cannot find the slightest hesitation on this question‖ (1984: 55). The result of this is that ―Marxism, although explicitly revolutionary, is implicitly a conservative doctrine tied to a traditional epistemological premise‖ (Poster, 1984: 55). Marx thus becomes the traditional theorist who formulates a totalizing theory ―apart from the masses and leads them with it‖35. This leads to problems of representation and agency in that the question of Marx‘s authority to determine action can be brought into question. This is tied in to the notion of how Marx speaks on behalf of numerous people yet he may not have personally shared their lived experiences or thoroughly understood their unique contexts. Speaking on the behalf of people is a power relation and one that undermines peoples‘ power whilst elevating the power of the speaker. Ironically, Marx by postulating a theory of society about human beings becoming their own subjects undermines their agency indirectly. Marx assumes that with the ̳proper effort‘ the intellectual is able to represent reality in ̳conceptual terms‘ (Poster, 1984: 55). Poster criticizes Marx‘s assumption by stating:

―[b]y fashioning itself as a theory of the totality, [Marxism] ends in affirming the power of reason itself, appropriating for discourse the very revolutionary capacity it would attribute to the proletariat‖ (1984:55)

Arising from Marxism‘s totalizing doctrine is the issue of the universalizing of the proletariat (Poster, 1984: 55). Poster notes that Marx applies universality in relation to the working class so as to illustrate how the working class will emancipate society in all respects from capitalist oppression. Poster writes:

―If the bourgeois revolution emancipated humanity only in the political sphere (and therefore only partially), the proletarian revolution would emancipate humanity in the social sphere and therefore totally. Complete emancipation is possible because factory workers, unlike the bourgeoisies, constitute a universal class‖ (1984: 56).

Poster‘s critique stems from the following remark of Marx:

―A class must be formed which has radical chains, a class in civil society which is not a class of civil society, a class which is the dissolution of all classes, a sphere of society which has a universal character because its sufferings are universal [my emphasis], and which does not claim a particular wrong but wrong in general‖ (Marx in Poster, 1984: 56).

#### Marx ignores everything but class, to the detriment of other issues

As we have seen, Marxism fails to meet the needs and desires of people who may be mobilizing in terms of issues that are not directly connected to class. Smart states as follows: ―The tendency to conceptualise politics in terms of class politics and thereby to reduce the political to the level of class relations, class alliances and class struggles has proven less than satisfactory, causing some Marxist theoreticians to consider alternative non-Marxist conceptualizations of power and politics‖ (Poulantzas in Smart, 1983:7).

Thus, Marxism alone surely cannot provide an alternative to neo-liberal capitalism for it has its own limitations, even though it is still a useful framework in which to understand neo- liberal domination. It is in the light of the limitations of Marxism that the thought of Foucault is particularly relevant. Smart notes that Focault‘s work avoids ̳global theorising‘ and the ̳totalising forms of analysis‘ (1983: 73). In essence, Foucault‘s work focuses more on critique as opposed to seeking to create ̳an alternative theory and practice‘ (Smart, 1983: 74). Foucault‘s work also seems to avoid being mired in global totalizing notions such as ̳class relations‘ and, in this respect, it is clearly superior to Marxism. In what follows we will try to demonstrate the usefulness of Foucauldian social theory in critiquing neo-liberalism. We begin the next chapter with an exposition and analysis of Foucault‘s unique understanding of social power.

#### Power is embedded in social structures and power structures are dependent on these contexts

Thus, the laws, imprisonment and mental institutions that arose in 17th century France are manifestations of power. These institutions arose out of a specific context, in this case, an increase in population and the problems that accompanied it---poverty and homelessness. This in turn led to the manifestation of power relations through measures designed to ―deal‖ with the context of a sudden increase in population. To illustrate this example at a very basic level one can imagine human relations thousands of years ago. The division of labour amongst ancient societies is another example of a context resulting in the manifestation of power. For example, in ancient Egypt there was a social class hierarchy which established and denoted each individual‘s role in society (Grajetzki et al., 2003)36. At the apex of this hierarchy was the sovereign leader the Pharaoh; whilst immediately below him were the royal family, priests and court officials (Grajetzki et al., 2003). This ruling class was followed by the craftsmen (sic), scribes and artists, with the farmers below these craftsmen (Grajetzki et al., 2003). At the bottom of the hierarchy were the slaves and servants (Grajetzki et al., 2003). Power thus shaped the way human society was organised by delineating roles and defining what each member of society could or not do; but this was only due to the fact that there was a specific social context of human existence and awareness underpinned by particular power relations.

Foucault states that power is a ―certain modification, or the form, differing from time to time, of a series of clashes which constitute the social body, clashes of the political, economic type, etc‖ (1996: 260). These ̳clashes‘ arise from particular contexts and give birth to relations of power in the form of tensions, contradictions and conflict. Social constructions like gender, race and social institutions often lead to ̳clashes‘ as they result in processes that generate power relations. Foucault states:

―Power, then, is something like the stratification, the institutionalization, the definition of tactics, of implements and arms which are useful in all these clashes. It is this which can be considered in a given moment as a certain power relationship, a certain exercising of power‖ (1996:260).

Power thus is ingrained in social relationships and manifests itself through stratification, institutionalization and various ̳tactics‘, all of which have material effects. The normalizing of neo-liberalism is a manifestation of power and its adverse effects are material power effects.

#### Discourse has effects on power structures. It must be institutionalized however

The power-knowledge couple is determined by discourses. Discourses can be defined as fields of knowledge. Examples include medicine, economics, psychiatry and biology (Foucault, 1991: 54). Foucault suggests three criteria which allow a form of knowledge to be labelled a discourse. The first criterion is that each discourse has its own set of rules, laws or regulations (1991: 54). The second criterion is that each discourse has its own processes of transformation that in the beginning led to its formation and these processes, as they develop, continue to define the discourse (Foucault, 1991: 54). The last criterion is that each discourse must have some connection to other discourses due to its subject or discipline and the set of relations that define it (Foucault, 1991: 54). A good example of this would be the university and its disciplines: humanities, commerce and the sciences.

Foucault in seeking to analyse discourses as manifestations of power-knowledge does not ask what the intention or purpose of the discourse is but rather what its power effects are. He writes: ―I do not question discourses about their silently intended meanings but about the fact and conditions of their manifest appearance‖ (1991: 60). Foucault is interested in the ―transformations which they [discourses] have effected‖ (1991: 60). An example of this would be the discourse of madness and how it had the power effects of firstly, forming psychiatry as a discipline and secondly, the creation of the mental institution to facilitate the discipline of psychiatry. Foucault also seeks to understand the conditions of existence of a particular discourse (1991: 60), as this exposes the context which led to its power effects. The importance of this is highlighted by what Foucault calls ̳eventalization‘. By seeking to understand the effects and conditions of existence of particular discourses Foucault is attempting to avoid ―the temptation to invoke a historical constant...or an obviousness which imposes itself uniformly on all‖ (1991: 76). Thus Foucault:

―[t]o show that things ̳weren‘t as necessary as all that‘; it wasn‘t as a matter of course that mad people came to be regarded as mentally ill; it wasn‘t self –evident that the only thing to be done with a criminal was to lock him up; it wasn‘t self that the causes of illness were to be sought through the individual examination of bodies; and so on. A breach of self-evidence, of those self-evidences on which our knowledges, acquiescences, and practices rest: this is the first theoretico-political function of ̳eventalization‘ ‖ (1991: 76).

By stating this Foucault is exposing how power functions through discourses like psychiatry and criminology. Foucault is highlighting the fact that these discourses are not ̳self-evident‘ and should not be taken at face value. Foucault thus seeks to examine the complexity of discourses by denying them the appearance of being ̳self-evident‘. This is because these discourses have power effects; they shape our lives in a material sense and are saturated with power-knowledge. To accept them as being self-evident is to take them as a given and not critique them and expose the domination that underlies them.

Foucault gives the example of the penal incarceration system. He analyses this practice as an ̳event‘ and not as an institutional fact. Based on the specific discourse one is able to flesh out the complexity of the event of penal incarceration. The result is that processes such as ̳carceralization‘ and ̳penalization‘ are exposed and laid bare as power effects (1991: 76). ̳Carceralization‘ pertaining to the practices of penal justice in terms of how ―imprisonment as form of punishment and technique of correction becomes a central component of the penal order‖ (Foucault, 1991: 77), whereas ̳penalization‘ refers to various modes or forms of legal punishment (Foucault, 1991:77). Discourses tend to normalize processes and make them appear as occurring as a ̳matter of course‘ when in fact these processes are events that involve complex power relations.

In order for discourses to manifest themselves in processes or actions they depend on various knowledge based tools, Foucault gives the example of clinical discourse which according to him is broader than medical discourse. In order to manifest itself as a power effect it encompasses knowledge based tools such as ―political reflections, reform programs, legislative measures, administrative settlements and ethical considerations‖ (1998: 323). Thus discourses need knowledge in order to be not only legitimized but to be institutionalized and projected as norm or ̳matter of course‘. Foucault notes that the knowledge that is law ―refers to a norm, and that the role and function of the law therefore- the very operation of the law- is to codify a norm, to carry out codification in relation to the norm‖ (2007: 56). The question that arises then is where law emanates from; the answer is institutions like the judiciary, parliament and executive state government are knowledge producing institutions that are in turn the pillar of the state and governmentality discourses.

#### We should question institutions

Caputo and Yount point out that Foucault ―situated institutions within the thin but all entangling web of power relations‖ (1993: 4). Caputo and Yount note that institutions are the means that power uses; they are not the origins of power (1993: 4). In essence, institutions are a mechanism of power. Disciplines based on particular discourses introduced the power of the norm and thus, power depends on the production of truth (knowledge) (Caputo and Yount, 1993: 6). Through the norm or rather normalization there is homogeneity but at the same time normalization ―makes it possible to individualize, to measure gaps, [and] to differentiate according to the norm whose function is to make differences intelligible as such‖ (Caputo and Yount, 1993: 6). Caputo and Yount explain that even though on the surface the norm appears to allow for tolerance and to encourage diversity, it ultimately ̳constrains all deviations‘ by its established rule (1993: 6). Normalization in essence keeps watch over the ―excessive and exceptional, delimiting the outcasts who threaten the order of normalcy‖ (Caputo and Yount, 1993:6). In order to do this power becomes power-knowledge with the power effect of making human individuals subjects; this then allows for the individual to be the site of power effects; the individual can thus be observed, counted, documented and shaped by power mechanisms. Once humans are subjects they can be observed and regulated according to the norms facilitated by different institutions. For Foucault, institutions must be critiqued so as to expose their arbitrariness and their oppressiveness. The norm occurs because of the work of institutions and their attendant discourses; the norm must thus be exposed for what it is, an exercise of power. It must not be taken as a given, an unaccountable occurrence.

Caputo and Yount note that, ―[p]roblems are not always there-not as problems anyway. It has taken the work of hundreds and thousands of people for problems like the prison, medical power, and the like to come onto the agenda‖ (1993: 8)37. Foucault thus calls for the problematizing and interrogation of institutions. Caputo and Yount remark that: ―Foucault believed that the very idea of power-as-right serves to conceal the fact of domination and all domination effects‖ (1993: 9). If power permeates social space and constrains, regulates, determines, and legitimates, then it is vital that as members of society we must be constantly vigilant. Foucault says: ―If everything is dangerous, then we always have something to do‖ (Foucault in Smart, 1993: 10).

#### Governmentality – the government creates a space in which they have the unique power to resolve conflict

In order to make sense of neo-liberal society it is helpful to view it through Foucault‘s concept of governmentality. Lemke writes:

―government defines a discursive field in which exercising power is ̳rationalized‘. This occurs, among other things, by the delineation of concepts, the specification of objects and borders, the provision of arguments and justifications‖ (2001: 191).

Government in fact becomes the mechanism through which any and all problems are to be addressed; government offers strategies and techniques for solving or handling all problems (Lemke, 2001: 191). Tied to the issue of government is the political rationality that allows for intervention into the social space (Lemke, 2001: 191). Lemke writes:

―political rationality is not pure, neutral knowledge which simply ̳re-presents‘ the governing reality; instead, it itself constitutes the intellectual processing of the reality which political technologies can then tackle. This is

understood to include agencies, procedures, institutions, legal forms, etc., that are intended to enable us to govern the objects and subjects of a political rationality‖ (2001: 191).

It is clear then that governmentality involves the control and management of human society through political technologies such as institutions (these include the family and the education system) and the law, amongst others. Through the concept of government, the exercise of power becomes legitimised and rationalized. It is this process that is termed governmentality.

According to Foucault, the question or rather ̳problematic of government‘ emerged in 16th century Europe (Smart, 2002: 127). Smart notes, however, that some elements of the ̳problematic‘ have a history dating back to classical Antiquity and early Christianity (2002: 128). These elements are tied to the concept of ̳pastorship‘42, which was essentially the ―knowledge of the individual, of their needs, actions and conduct, and of their conscience or ̳soul‘ ‖ (Smart, 2002: 128). The result of this was an ―important chapter in the history of the government of individuals‖ (Smart, 2002: 128). Following on from the notion of ̳pastorship‘ was the question of what the model of government was to be, and this was the problem of government during the 16th century. Foucault notes:

―[h]ow to govern oneself, how to be governed, how to govern others, by whom the people will accept being governed, how to become the best governor- all these problems, in their multiplicity and intensity, seem to me to be characteristic of the sixteenth century‖ (2000: 202).

Foucault‘s argument then is that during the 16th and 17th centuries the art of government was ―conceived in terms of the model of the family‖ (Smart, 2002: 129). Foucault states:

―[t]o govern a state will mean, therefore, to apply economy43, to set up an economy at the level of the entire state, which means exercising toward its inhabitants, and the wealth and behaviour of each and all, a form of surveillance and control as attentive as that of the head of a family over his [sic] household and his [sic] goods‖ (2000: 207).

Government, as a result, took on the appearance of a patriarchal head of the household who makes decisions based on his position and what they deem to be the interests of the family. Smart states that the catalyst for the development of the ̳art of government‘ was the emergence of the problem of population (2002: 129). Foucault explains: ―In what way did the problem of population make possible the unfreezing of the art of government? The perspective of population, the reality accorded to the specific phenomena of population, render possible the final elimination of the model of the family and the recentering of the notion of the economy44‖ (2000:215).

Instead the family became a political mechanism of government used in the observation, regulation, and management of the population (Smart, 2002: 129). In essence, then, the ̳condition of the population‘ became the aim and focus of government (Smart, 2002: 130). Moreover, in order for government to understand and govern the population a science termed ̳political economy‘ was created (Smart, 2002: 130). Smart explains that the transition in the 18th century from authority and power being administered through juridical sovereignty to governmental techniques was directly linked to the question of population and the creation of political economy (Smart, 2002: 130). Techniques of government then involve the use of ̳political technologies‘ like the state apparatus, family, education system and police to control populations. Within the social space that is the state, political technologies operate on the population via what Foucault terms ̳power networks‘, which affect the human body and influence social understandings of knowledge, sexuality and family (Smart, 2002: 124). Hindess notes that in essence government is ―the regulation of conduct by the more or less rational application of the appropriate technical means‖ (Hindess in Lemke, 2002: 54).

#### Neolib tries to apply economic logic to everything – this has damaging effects on society and culture

Thus, one can see that the market becomes the focus of neo-liberal governance. This in turn means that the market is supported and protected by political technologies like the legal system and security institutions. The use of these political technologies can be legitimised in terms of the ̳rational-economic‘ logic of neo-liberal governance.

The fact that neo-liberal governance seeks to make the social into the economic is a sign of the arbitrariness of neo-liberalism. The arbitrariness is highlighted by the notion of neo-liberal governance forcing complex social phenomena into the narrow perspective of economics. Reducing everything to the economic realm can have highly detrimental effects for society. Bourdieu (1998)45 writes: ―[n]eoliberalism tends on the whole to favour severing the economy from social realities and thereby constructing, in reality, an economic system conforming to its description in pure theory, that is a sort of logical machine that presents itself as a chain of constraints regulating economic agents.‖

The primacy of the market and the ̳economical-rational‘ individual become the dominant factors in neo-liberal society. This has an adverse effect on society in terms of culture and community, as Alexander notes:

―[i]n free markets, the exchange of labour, land, currency, and consumer goods must not be encumbered by clan loyalties, village responsibilities, guild rights, charity, family obligations, social roles, or religious values. Since cultural traditions ̳distort‘ the free play of the laws of supply and demand, they must be suppressed to establish a free market society‖ (2001)46.

The governmental focus of neo-liberal governance is ̳homo oeconomicus‘47 through which neo-liberal governance ―admittedly ties the rationality of the government to the rational action of individuals‖ (Lemeke, 2001: 200). The effect of this is to make neo- liberalism appear as a highly efficient, logical and effective economic system; that increases prosperity and rewards to those who are willing to be innovative entrepreneurs by taking advantage of the opportunities provided by the neo-liberal system (Giroux, 2005: 12).Thus, neo-liberalism attempts to establish what Bourdieu48 (1998) terms a ̳scientific description of reality‘ in which individuals act as rational agents in market society so as to meet their goals by means of self-interested maximizing behaviour.

#### Neolib governance includes PROPERTY RIGHTS

It is important to note that the ̳general institutional arrangements‘ that Fligstein talks about form part of the necessary political technologies or techniques that neo-liberal government uses in order to maintain and expand the market. Fligstein explains that markets are governed by particular cultural and historical rules or practices, which determine the relations between suppliers, customers and workers (2001: 27). An example of a practice that underpins the market and is an example of ̳political technology‘ is the legal aspect of property rights. Fligstein (2001: 33) states that property rights ―are necessary to markets because they define the social relationships between owners and everyone else in society‖. This is important in that property rights stabilize ―markets by making it clear who is risking what and who gets the reward in a particular market situation‖ (Fligtsein, 2001: 33). Other examples of ̳political technologies‘ are the rules that apply to competition and cooperation amongst business entities in market society. These include various laws, such as antitrust and anticartel laws, which promote fair competition and regulate the activities of business entities in neo-liberal society (Fligstein, 2001: 34). Neo-liberal governance involves underwriting technology, regulating competition and adjudication between competing firms (Fligstein, 2001) through the use of ̳political technologies‘ like competition laws and property rights. Neo-liberal governance develops institutions and rules by means of which it can regulate markets (Fligstein, 2001: 13). A neo-liberal government also uses legal institutions to intervene in the market as well as particular firms it may own to regulate the markets (Fligstein, 2001: 13).

#### Neolib absolves the government of any social responsibility, claiming that “the market” can organize society better than we can

Whilst the state intervenes in order to sustain and maintain markets, it cuts back on direct governance of the population. Neo-liberal governance emphasises a kind of indirect rule which promotes the ̳freedom‘ of individuals and allows them to achieve the best they can by means of their skills and entrepreneurial talents. Lemke writes:

―[t]he strategy of rendering individual subjects ̳responsible‘ (and also collectives, such as families, associations, etc.) entails shifting the responsibility for social risks such as illness, unemployment, poverty, etc. and for life in society into the domain for which the individual is responsible and transforming it into a problem of ̳self-care‘ ‖ (2003: 9).

Bluntly put, one can observe that neo-liberal governance simply exists to serve the market so as to ensure the survival and profitability of business in the market place. Thus, by reducing government spending and direct involvement in the welfare of citizens, neo-liberal governance focuses overwhelmingly on profit maximization. This underlay President Reagan‘s whole approach to governance, which was the idea that markets were more efficient at organizing society than governments (Fligstein, 2001: 220). Reagan therefore proposed a program underpinned by deregulation, in which taxes were cut and there was to be a ̳roll back‘ of government (Fligstein, 2001: 220). However, government was to act primarily as the referee of the market ensuring that there was fair competition, security and that the ̳rule of law‘ was upheld. Bourdieu states that government officials and political leaders: ―sanctify the power of markets in the name of economic efficiency, which requires the elimination of administrative or political barriers capable of inconveniencing the owners of capital in their individual quest for the maximisation of individual profit, which has been turned into a model of rationality‖ (1998)49.

This is because political leaders just like financiers, the owners and managers of large corporations have become adherents of what Bourdieu (1998) calls the ̳free trade faith‘- a belief in the complete supremacy of the market and economic rationality50.

#### Neolib perpetuates the “responsible citizen,” who is encouraged to be selfish and exploitative

In terms of individual citizens neo-liberal government promotes the notion of the responsible citizen. Thus, the ideal individual in neo-liberal society practises personal responsibility by making informed rational decisions. Neo-liberal democracy therefore ―aspires to construct prudent subjects whose moral quality is based on the fact that they rationally assess the costs and benefits of a certain act as opposed to other alternative acts‖ (Lemke, 2001: 201). Neo-liberal governments together with corporations create conditions in which the responsible rational individual can become a successful entrepreneur or consumer. The success or failure of the individual depends on his or her skill and work ethic. Hence, life for an individual in neo-liberal society becomes one of personal responsibility to a greater extent. Giroux53 argues that under neo-liberalism the state no longer assumes responsibility for social needs and rather focuses on initiating various ̳deregulations and privatizations‘, whilst relinquishing all social responsibility to the ̳market and private philanthropy‘ (2004). The neo-liberal state has no real obligation towards its citizens except to provide the necessary conditions for entrepreneurship and consumerism. As a result, a kind of Darwinist ̳survival of the fittest‘ ethic becomes apparent; Giroux argues that:

―[s]ocial Darwinism has been resurrected from the ashes of the 19th century sweatshops and can now be seen in full bloom in most reality TV programs and in the unfettered self-interests that now drives popular culture. As narcissism is replaced by unadulterated materialism, public concerns collapse into utterly private considerations and where public space does exist it is mainly used as a confessional for private woes, a cut throat game of winner take all, or an advertisement for consumerism‖ (2004)54.

This is a sentiment that is echoed by Bourdieu55, who states that this form of ̳moral Darwinism‘ establishes what he terms the ̳cult of the winner‘ and ultimately institutes a survival of the fittest mentality that is underpinned by cynicism and self interest (1998).

#### Neolib operates through subtler power systems like advertising

The neo-liberal state utilises knowledge like market research as a technique of power. This is similar to how the government in the 17th century viewed statistics as the ̳science of the state‘ and a component of the technology of government (Smart, 2002: 129). The neo- liberal government can now use market research to indirectly control its citizens as well as gather information about their personal lives. Market research with its use of modern technology and accurate data supersedes census studies and statistics. Dufour writes: ―[v]ast numbers of market researchers are therefore always taking the pulse of consumers and surveying their sexual and emotional lives, so as to anticipate their needs and to give their desires possible names and credible destinations‖ (2008: 58). The collecting of such information and the use of it to control citizens fits the Foucauldian critique. The field of marketing is a highly efficient technology of neo-liberal governance; it becomes a mechanism through which neo-liberal government can regulate a consumer society and provide specific products to cater for the varied needs of different individuals. Dufour notes:

―[t]here is no such thing as a small profit. A profit can be made from babies who ̳want‘ their favourite shampoo, senior citizens who ̳want‘ to occupy their spare time and invest their savings, poor adolescents who ̳want‘ cheap brand names and rich adolescents who ̳want‘ their own cars. They must all be satisfied. ̳I‘ is now central to every advert‖ (2008: 58).

Neo-liberalism dominates society through subtle means. Thus, neo-liberalism does not seek ̳to assert itself by placing disciplinary controls on life‘ (Dufour, 2008: 157). Neo-liberalism has permeated society by using subtle ̳political technologies‘. These mechanisms of power transcend the old overt ̳technologies‘: religion, the police and family, and are more flexible in that they are less reliant on coercion and are less costly, as noted by Dufour (2008: 157). The new political technologies of neo-liberal governance include: the internet, multimedia software, the fields of marketing and management, as well as telecommunications technology (cellular phones, mp3‘s and so on) and ̳popular culture‘. These new tools of neo-liberal governance have yielded more control, management and surveillance than any traditional government could have hoped for.

Neo-liberal governance has also managed to dehumanise human society by forcing the complexity of human difference into the narrow confines of entrepreneurialism, consumerism and the logic of self interest. Fine and Leopold write:

―[a]re we the manipulated mannequins of the advertising industry, the sovereignless victims of profit-hungry corporate capital, rational economic man and women trading off one commodity against another according to their relative prices and utilities?‖ (1993: 3).

This is indeed a grim question to fathom but one which neo-liberal governance has made pertinent.

#### Information societies create structural unemployment and inequality

It is important to explain the differences between the industrial age and the information society. Industrial society is largely characterised by the presence of a large manufacturing sector which focuses on producing durable and non durable goods (Bell in Karvalics, 2007: 11). The energy that is created from industrial society takes the form of electricity, oil, gas, coal and nuclear power, amongst others (Bell in Karvalics, 2007: 11). The strategic resource that underpins industrial society is finance capital and the methodology used to analyse this society is scientific empiricism coupled with experimentation (Bell in Karvalics, 2007: 11). On the other hand, the information society is characterised by an economic sector focused on providing various services in the health and education sectors, as well as the technology sector of the economy (Bell in Karvalics, 2007: 11). Bell notes that the strategic resource that underpins information society is knowledge (Bell in Karvalics, 2007:11). The methodology used to analyse and observe the information society includes system analysis and abstract theories amongst others (Bell in Karvalics, 2007: 11). Masuda explains that the products usually available within the information society are related to information and technology (Masuda in Karvalics, 2007: 11); examples include personal computers, cell phones and multimedia software. The services provided within the information society do not require machinery nor factory plants as they are developed within ̳information networks and data banks‘ (Masuda in Karvalics, 2007: 11). This has led to the development of what is termed the ̳information industry‘. Schement and Curtis define the information industry as ―industries built on the large-scale manufacturing, production, distribution and consumption of information in an increasingly global competitive arena, where information export is the measure of economic ̳fitness‘ ‖ (Schement and Curtis in Karvalics, 2007: 12). Castells asserts that it is ̳evident‘ that information based technologies have led to a ̳fundamental transformation‘ of work and the relations tied to it (Castells in Smart, 2003: 155). The information society has suited the needs of neo-liberalism very well. Smart writes:

―The combination of a deregulation of markets coupled with the deployment of new information technologies provided the appropriate conditions within which capital could become more mobile and extensive, opening up and taking advantage of the economic opportunities represented by new locations and new markets‖ (2003:155).

This is turn allowed for vast amounts of capital to be transmitted across the globe via information networks, in the form of various financial investment packages such as hedge funds or shadow banking systems without regulation. This lack of regulation has been established as one of the main causes of the current financial crisis. Bauman argues that in the era of industrial society people engaged in such a society as producers and that the ―poor and unemployed would have constituted a reserve army of labour‖ (Bauman in Smart, 2003: 156). However, the de-industrialization of the economy and the subsequent large-scale decrease of manufacturing jobs makes the need for a ̳reserve army of labour‘ obsolete (Smart, 2003: 156). The result of this has been high levels of unemployment and the

marginalization of the poor as a result of the rapid deindustrialization of society and subsequent decline of jobs in the manufacturing sector. Castells writes that the ̳new information-based global economy‘ (Smart, 2003: 156) has led to:

―the rise of structural unemployment in Europe; declining real wages, increasing inequality, and job instability in the United States; underemployment and stepped-up segmentation of the labour force in Japan; informalisation and downgrading of newly incorporated urban labour in industrialising countries; and increasing marginalisation of the agricultural labour force in stagnant, underdeveloped economies‖ (Castells in Smart, 2003: 156).

It therefore becomes apparent that information society is highly beneficial to neo-liberalism and its policies. These policies include the deregulation of the economy and capital flows, and the need for ̳lean cost effective labour‘ (Smart, 2003: 156).

### Finewood and Stroup 12

Finewood and Stroup 12 [Michael H. Finewood (Chatham University) and Laura J. Stroup (St. Michael’s College). “Fracking and the Neoliberalization of the Hydro-Social Cycle in Pennsylvania’s Marcellus Shale.” Journal of Contemporary Water research & education, issue 147, pages 72-79, march 2012] AJ

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#### Neoliberal environmental discourse seeks to frame

Harvey (2005) has broadly posited that neoliberal strategies are enacted to ensure the consolidation of capital into specific hands, and Bakker (2010) suggests that water is a ‘final frontier’ for capitalism. While we agree, this does not sufficiently explain why the multi-scalar, pro-fracking arguments are effective. We know, for example, that the arguments are intellectually weak: natural gas extraction is not “green” (Howarth et al. 2011); shale gas will not likely get the nation “off” of foreign oil (Tyndall Centre 2011); fracking poses serious risks to water quality and is in need of stronger regulations (Parfitt 2010; Jackson et al. 2011). Also the process is driven by specific interests (e.g., America’s Natural Gas Alliance). We suggest, then, the issue is less about the argument, and more about the way the hydro-social cycle is framed in support of fracking. Fletcher (2010) suggests that neoliberalism is a “general strategy of governing human action” (171), or a way of ‘conducting conduct’ (Foucault 2008; Fletcher 2010, 173). In other words, neoliberalism is not just an argument, but also a strategy for reworking societies’ perception of, and relationship to, the non-human world (McCarthy and Prudham 2004; Heynen et al. 2007). Since, at the outset, environmental concerns are often seen in opposition to development, fracking proponents must co-opt, define, and control the meaning of environmental resources. This first means redefining the value of water as an economic input, so that its degradation makes sense in a broader benefit/cost framework. Thus the hydro-social cycle is less a relationship between people and water, but rather a commodity that can be monetized for global markets (Finewood and Porter 2010). One can observe the effectiveness of such a practice through the sacrifices that individuals are expected to make for their – and the nation’s – economic future. In other words, people must exchange their noneconomic resources for economic resources, as if they were simply interchangeable. In this scenario, firms are the legitimate source of knowledge and information. Neoliberal approaches to environmental governance suggest “rolling back” environmental regulations (Peck and Tickell 2002), tacitly celebrating the knowledge and experience of private industry. In this case, with a lack of funding for regulatory agencies and a general disdain for environmental concerns when framed as opposing economic development, a knowledge vacuum is created for oil and gas firms to fill. Firms become the de facto expertise on the environmental impacts of fracking as well as the expert counterpoint to anti-fracking voices. In addition, as the fracking process happens up to a mile under the surface of the ground, in largely inaccessible and rural areas, and often on private property, the full spatial and temporal impacts of the process occur largely out- of-sight, leaving stakeholders very few alternatives but to seek information from oil and gas firms. Finally, as the neoliberalization of the hydro- social cycle becomes taken-for-granted, or common sense, those who speak up for water resources as a human/non-human right are increasingly marginalized. The refrain of environmentalists as “anti-jobs,” “being out of touch with reality,” and/or “prioritizing nature over people” has become relatively common trope in U.S. society. Even those who may not consider themselves environmentalists, but seek to advocate for regional environmental resources, are marginalized within the broader debate. Further, not only does this tactic set the discursive stage for a rational group of economically minded people versus irrational environmentalists (i.e., economy versus the environment), but it also uses environmental perception as an arena for political and economic projects (Heynen et al. 2007, 12). Thus the legitimacy of a neoliberal environment discourse is reinforced while delegitimizing alternatives.

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### Labban 8

Labban 8 [Mazen Labban (Assistant Professor of Geography at the University of Miami, USA). Space, Oil and Capital. Routledge Taylor and Francis Group. 2008] AJ

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#### Resource extraction is a key part of the capitalist cycle

The production of raw material is the fundamental mediation between produc- tion in general and the natural conditions of production. The products of the extractive industry form the objective material elements of capital and the development of capital is, therefore, dependent on the development of the extractive industry. The development of capital depends on, and finds expression in, the growth and development of extractive industry, and, as Marx (1976: 752) observed, increase in the products of extractive industry finds expression in the growth of constant capital of other industries. Extractive industry has its own peculiar characteristics deriving from the nature of its object and conditions of production: in the social division of labor, it is the sphere of industrial produc- tion that is in direct confrontation with the natural conditions of production. Nevertheless, despite its special character, extractive industry shares with general capitalist production the same developmental tendencies since the extraction of raw material became dependent on large concentrations of (fixed) capital.

Hence, we must stress this dual character of the extractive industry and examine it as an industry in itself and as a branch of industry within the general division of labor, in order to appreciate its real significance in relation to the accumulation of capital. On one level, therefore, the importance of the extractive industry and the dependence on its products grows with the development of capital in terms of use-value and value (to counter the tendency of the organic composition of capital to grow by employing cheaper raw material). Growing competition for (cheaper) raw material grows with the development of capital, effecting the migration of capital into the production of raw material. The more capital advances into the production of raw material, however, the more the development of the extractive industry becomes dependent on the growth in the organic composition of capital, i.e. on the concentration of capital. Extractive industry becomes dependent on larger concentrations of fixed capital, and the rate of profit in this branch of industry falls with its development, making it dependent on larger volumes of resources to valorize capital employed in extrac- tion, regardless of demand in other branches of industry.

The development of capital is expressed as growth of the means of produc- tion: the result and consequence of the development of labor productivity. The development of labor productivity, however, leads to growth in the magnitude and value of the constant component of capital (objective means of production) in relation to its variable component (living human labor) leading to a decline in profits in relation to total capital, despite growth in the mass of surplus value extracted from labor and growth in the mass of profit realized by capital as a whole. Capitalists extract surplus value from social labor as a collective unity, but they realize parts of this value as competing individual capitalists acting independently of each other. Under compulsion of competition, capitalists seek ways to maximize their share of total surplus value. As larger capital with relat- ively high organic composition returns a larger share of total surplus value, competition among capitalists for the extraction of larger masses of surplus value from labor and competition over the distribution of surplus value lead to a further increase in the composition of capital and decline in the rate of profit for capital as a whole. The problem is exacerbated by the consequent overaccumula- tion of capital, its accumulation in production beyond social need, which leads to overproduction. As the production of surplus value falls in relation to capital, its realization in the market becomes more difficult as the mass of the total com- modity grows beyond society’s effective demand, forcing capitalists to seek ways to eliminate overproduction and restore profitability.

As inter-capitalist competition for larger shares of social surplus value is both competition across different branches of industry and among capitalists within the same branches of industry, decline in the profitability of capital (in both pro- duction and realization), resulting from its concentration across all branches of industry, leads to its vertical and horizontal centralization. The former combines enterprises in different branches of industry, the latter combines enterprises within the same branch of industry, into fewer and larger enterprises that can control production and equalize the rates of profit across different capitals. The centralization of capital proceeds also across space, combining capitals in differ- ent geographical regions into capitals of larger geographical extent. In the capitalist interstate system, international centralization of capital across geo- graphical space combines capitals of different nationalities, either by their merger into one international enterprise (e.g. Royal Dutch Shell; TNK-BP) or by bringing enterprises of different nationalities under the control of one enterprise (e.g. Schlumberger’s acquisition of PetroAlliance). In extractive industry, the centralization of capital combines productive and landed capital and, where resources are owned, controlled, or managed by the national state, the centraliza- tion of capital amalgamates international capital and the national state, without necessarily eliminating their contradictory duality. Increasing international cen- tralization of capital comes into direct contradiction with the interstate division of global geographical space, internalizing the geographical contradiction between spatial integration and fragmentation as capital becomes dependent on both: the expansion of its sphere of production and realization of profit, yet its fragmentation to protect surplus profit.

The expansion of extractive capital and its international centralization is not simply an expansion in search of raw material, but an essential part of inter- capitalist competition for the production and realization of higher profits. The expansion of the need for, and production of, raw material is itself a result of this competition. Competition for oil is inter-capitalist competition reduced to its fundamental expression: competition for the extraction of profit from the application of labor to nature. The contradiction of space plays an essential part in this process and it is examined in the competition for oil in the three cases presented in Chapters 4, 5, and 6. In the next chapter, we examine the histor- ical development of the geographical contradiction with the development of twentieth-century capitalism.

#### US control of capital has led to a new form of imperialism

Despite European opposition, the post-war capitalist economy developed to become centered on the economy of the US. The power of the US bourgeoisie in the global economy did not depend so much on the control and ownership of global capital – no matter how much this did actually grow in the post-war period – but on the dependence of global capital on the “health” of the US economy. A common interest in the growth of the US economy sent capital, industrial capital and financial capital in the form of credit, to the US as US capital left the country in the search of higher profits elsewhere. As the eco- nomic hegemony of US capital relative to its European and Asian counterparts declined further beginning in the 1970s, US imperialism grew not only by the export of capital but, more critically, by its import. Increasing economic interde- pendence and integration grew with intensifying competition and rising protec- tionism. Major capitalist rivals, whose export-oriented industries and the “health” of their economies depended on the US market, became susceptible to accepting US foreign policy, if not endorsing it, despite the relative decline of the power of US capital in the global economy. The relative autonomization of the power of the US state from US capital, exercised increasingly in military and militaristic terms (financed by foreign credit), exacerbated the contradictions between states and transnational corporations of the former Cold War allies, as those states were expected to perform contradictory functions, i.e. to manage the expansion of global capital and to support the global expansion of their com- panies yet “pressure” them at times to coincide with the interests of US foreign policy (the case of US sanctions on Iran, discussed in Chapter 6, is one demon- stration of the development of these entangled contradictions). The governments of countries where the economic power of the dominant faction of the bour- geoisie was not directly dependent on the US market could still exercise some political independence and compete with the US in the global political arena, but only within the limits of their dependence on the global economy or, more pre- cisely, on their dependence on the dependence of the global economy on US capital. But even companies from countries whose economies are dependent on the US and the global economy have to yield under the heavy weight of inter- capitalist competition to the motion of capital accumulation, such as in the case of Japanese companies investing in Iran against threats by the US, China’s mili- tary and economic expansion, etc. Variation in the power of different factions of capital and their dominance in different places affects the variation in the rela- tionships among the rivals. For example, although the US has so far failed to prevent European and Asian oil companies from investing in Iran and to prevent trade relations between Iran and major European countries, especially Germany, it has proved more successful in exercising power over transnational banks as those are more dependent on the US financial system than their industrial and commercial counterparts. Thus, in the context of increasing interdependence, the geometry of power shifts constantly and inter-capitalist competition acquires new forms that nevertheless reproduce the geographical contradictions of imperialism.

Globalization of capital in its neoliberal guise has so far failed to transcend the contradictions of capitalist imperialism and has, instead, exacerbated and reproduced them at an expanded scale. The common interest of the global bour- geoisie in an ultra-imperialism that manages, if not eliminates, the conflicts among the different factions by elevating them to a higher plane and taking them elsewhere has reproduced the North–South divide in a “collective” economic war on the peoples of the global South. Inter-imperialist rivalry did not abate, however, as new rivals from the less developed countries have risen to compete in the global economy and as the global hegemonic projects of old rivals still compete with US globalism from within the collective imperialism of the North. The latter is most prominently visible in the ongoing bickering between the US and the EU in the WTO over protectionist policies (especially regarding their respective subsidies to Boeing and Airbus) and over conflicting approaches to military interventions and dealing with new threats and enemies, rogue states and failed states, terrorists and weapons of mass destruction, insurgencies and Chinese militarism – and this itself is pregnant with the most glaring contradic- tions. To state but two recent examples: as Germany opposed the US invasion of Iraq in 2003, German intelligence provided the US Defense Intelligence Agency with Iraq’s military plans to defend Baghdad and with information on the loca- tion of police and military units in Baghdad, and continued to cooperate regu- larly and systematically with US intelligence throughout the invasion; as European countries endorse heavier UN sanctions on Iran to keep it from devel- oping its nuclear power program, they keep ignoring US sanctions on Iran, and threats of US sanctions on European companies, especially banks, and continue to trade with, extend export credit to, and invest in Iran.

#### Neolib is an attempt to restore US imperialism

The shift from the global Keynesianism of the post-war era to the neoliberal globalization of the 1980s sought to restore the political power of the capitalist class as a whole, as Harvey (2005) argued, and to expand the power of the capitalist classes in the North over the peoples of, and against rising counter- hegemonic struggles in, the South (Amin 2004; Slater 2004; Peet 2007). But the neoliberal project is also an attempt to counter the decline of US hegemony in relation to its old and new rivals in the context of developing inter-imperialist tensions. The neoliberal project is, therefore, a profoundly contradictory project that aims at restoring the hegemony of US capital over its rivals, the hegemony of Western capital (the North) over its rivals in the South, and to establish the hegemonic power of global capital in general. As such, it is destined to come up against internal contradictions as much as growing external opposition, despite the hyper globalism that the proponents of neoliberal capital never tire from imagining as the reality of “really existing capitalism,” i.e. globalism free from contradictions, dwelling beyond geography, in the ethereal universe and “flat world” of fictitious capital and cyber capitalism.

Neoliberalism is, therefore, also profoundly a political and geopolitical project. The neoliberal project matured during the second Cold War, but in important ways it emerged from the inter-capitalist rivalry of the second Cold War (see above). One of the main objectives of neoliberal transformations in the Reagan years was to restore the competitiveness of US capital against its allies and to revive the US economy by curbing inflation and shaking out non- competitive industries. There is near consensus today on the effect of such pol- icies on the relative power of different factions of capital in relation to each other – in particular the ascendance of financial capital – and the relative weak- ening of the economic power of the state, both in the North and the South, through a process of privatization that redistributed control over the production process back to the private sector (including military-related industries). Accord- ingly, the financialization of the global capitalist economy had an effect on the form of globalization and the place of the state in it. The responsibility of the neoliberal state concentrated in the creation of a favorable “business climate” for global capital, which accelerated the concentration of state power in the execu- tive and away from the democratic process as it generalized it across a wider geography. Third World countries, buckling under chronic debt to banks in the US and Europe, were especially susceptible to the dictates of creditors regarding the restructuring of economy and political government. As private debt became public, with the intervention of the IMF, power transferred up to the global gov- ernance institutions. From an active destruction of Keynesian and developmental states emerged the process of an active (re)construction of strong authoritarian states, combining expanded police power and technocratic, economic manage- ment along lines formulated in Washington [DC] and New York. The success of this process depended on the voluntary and active adoption of neoliberal eco- nomic policy, ideology, and rhetoric by Third World governments rather than a simple, mechanical imposition from above on the countries of the Third World (as much as the adoption of the “war on terror” rhetoric and practice makes Third World ruling classes eligible for US military aid and political support). Neoliberal states, in this second incarnation, had to be interventionist, compelled to perform the contradictory process of carrying out interventionist policies in order to create free markets while restructuring and downsizing – “streamlining” – themselves in the process (see Peck 2001; 2004; Peck and Tickell 2002).

#### Neolib creates a PERMANENT WAR and ENDLESS CYCLES OF VIOLENCE

Only the unlimited accumulation of material power could bring about the unlimited accumulation of capital. [But] power left to itself can achieve nothing but more power, and violence administered for power’s ... sake turns into a destructive principle that will not stop until there is nothing left to violate.

(Arendt 1951: 137)

Neoliberal globalization is one moment in the expansion and restructuring of geographical space for the continued accumulation of monopoly capital under conditions of intensifying inter-capitalist rivalry. The ascendance of financial capital and the increasing financialization of the global economy did not bring peace with it or erode the political power of the state but rendered capital more dependent on “material power” – the military strength of the bourgeois state. Here the distinction between financial capital and productive capital in relation to the nature of globalization becomes limited, if not altogether misleading. Under monopoly capital (as we observed above), productive enterprises become financial enterprises with the overaccumulation of money from profits that capi- talists deliberately abstain from reinvesting in production in order not erode their monopoly privileges. So is the case with the distinction usually made between the dominant “peaceful” geoeconomic tendencies of the Clinton administrations and the warmongering and territorial tendencies of the Bush administrations, which ignores the expansion of the US military and military interventionism under the apparent multilateralism of the Clinton administrations. The image of a “peaceful” expansion of capital is wishful thinking and neoliberal globaliza- tion, because of, not despite, its financialization, is essentially militaristic in so far as it remains a moment in the development of capitalist imperialism. As Arendt (1951) observed in her analysis of classical imperialism, the export of material power follows the trail of the export of money capital (to protect large investments). But we must reformulate this formula to get the complete picture, for on the one hand, the export of capital follows and depends on the export of material power. But, and this underlines the importance of war for capitalism, the export of material power is the export of money capital and is an aspect of the circulation of monopoly capital, not only in terms of the circulation of value in the economy through the absorption of surplus in military and military-related industries, but through the expansion of the market of military and military- related products and through the destruction of value in the act of war. As Harvey (1999: 445) aptly put it: “not only must weapons be bought and paid for out of surpluses of capital and labor, but they must also be put to use.” M-C-M' becomes M-destC-M', where destC is the physical destruction rather than the creation of commodities. Capital circulates and expands in the actual destruction of commodities – the underside of the mass production of value is the destruc- tion of value at a more massive scale. In the process of destruction, profit is made and accumulated for further rounds of destruction.

### Sharan 11 – LW Good

#### Wage suppression is an instantiation of neoliberal ideology that makes the global economy unsustainable – neolib is doomed to collapse

Burrow 11 [(Sharan, General Secretary of the International Trade Union Confederation). “Time for a new paradigm.” In “There is an alternative: Economic policies and labour strategies beyond the mainstream.” International Labour Organization 2011] AJ

The world is barely re-emerging from the deepest economic crisis in a century, yet the very policies and mindset that caused the problem in the first place are back with a vengeance. Indeed, the world economy risks sliding back into crisis as dangerously short-sighted policies are put into place. The brave words of reform from world leaders in the G20 meetings of 2009 are now largely forgotten and have been replaced with the old scriptures of fiscal consolidation and calls to address the “fundamentals”. And thus the world is fast slipping into a self-defeating round of “competitive austerity” where everyone seeks salvation from austerity at home through export-led growth. This is a strategy that might have worked for some for a time, but those days are gone: credit-driven consumption in a few key countries can no longer make up for the lack of wage-driven consumption worldwide. Weakness in wage growth has been shown to be a prime cause of the crisis. This should come as no surprise: with globalization, there has been a growing disconnection between wage growth and productivity. Whereas worker com- pensation rose in parallel with the improvement of productivity until the early 1980s, overly restrictive monetary policies, trade liberalization, labour market deregulation and employers’ strategies have combined since then to weaken this link. The consequences are now well documented: the share of labour income has dropped in most countries, inequalities have increased almost everywhere and consumption has been maintained in large part through credit. What is worse is that since the 1990s the decline in labour’s share of income has been highly pronounced in countries with trade surpluses (see Figure 1). In other words, the winners of the new global trading system have not shared those gains with their workforce. This is profitable for some individual companies, but it is bad for overall growth and prosperity. Ultimately, it is unsustainable. With unemployment and household debt still high in some of the key juris- dictions in the world (including both the United States and Europe), and with governments engaging in counter-productive austerity, it is more urgent than ever to ensure that workers get their fair share. More than a moral issue, it is also the only way to extricate ourselves from the current macroeconomic mess.

#### CP – engage in economic restructuring to solve neolib

Burrow 11 [(Sharan, General Secretary of the International Trade Union Confederation). “Time for a new paradigm.” In “There is an alternative: Economic policies and labour strategies beyond the mainstream.” International Labour Organization 2011] AJ

First, we need to reform the currency system to ensure that adjustment is not achieved mostly by deflating deficit countries, but through “reflating” surplus nations. In this way, the system would ensure that the adjustment led to more growth for all, not further wage and price depression. This idea is not new; it was first proposed by J.M. Keynes back in 1944 and has elicited renewed interest recently. Such a system would perhaps entail capital controls of some kind, but that would remain a lesser evil than the costs of disorder. Second, we need new regulations on tax havens as well as on taxes on income and wealth. Controlling tax evasion and tax competition has to become a policy priority. At a time when the average working person is being asked to shoulder the bailout costs of the financial system, the least that can be asked is that all pay their fair share. Eliminating these loopholes is not nearly as complicated as some make it sound and would bring much-needed resources into the fiscal purse. In the same spirit, the establishment of an international financial transactions tax to raise new resources would go a long way to making it possible for financially strapped governments to fund the necessary increase in Official Development Assistance to achieve the Millennium Development Goals (MDGs) as well as the mitigation costs of climate change. It has been estimated that, for the United States alone, such a tax would conservatively raise in the neighbourhood of $US170 billion, the equivalent of the entire funding of the MDG programme ...Last but not least, we need a renewed focus around the enhancement and respect of labour standards by all. When it comes to labour rights, the world faces a classic “free rider” problem. Now more than ever, it is essential to ensure a basic international social floor, that all countries endeavour to respect basic standards and that competitive advantage does not come at the expense of the “overexploitation” of workers. If it is true that “labour is not a commodity”, the manner in which we achieve economic prosperity is as important as the goal itself.

### Brown – Walls Book

#### Walls exist in squo – paradoxically

If these walls vary in what they aim to deter - poor people, workers, or asylum seekers; drugs, weapons, or other contra­ band; smuggled taxable goods; kidnapped or enslaved youth; terror; ethnic or religious mixing; peace and other political futures-there are surely common dimensions to their prolifera­ tion at this moment in world history. Let us start with a series of paradoxes. First, even as those across a wide political spectrum­ neoliberals, cosmopolitans, humanitarians, and left activists­ fantasize a world without borders (whether consequent to global entrepreneurship, global markets, global citizenship, or global governance), nation-states, rich and poor, exhibit a passion for wall building. Second, within the ostensibly triumphant universal political form, democracy (heralded by European post-Marxists, Islamic secularists, or American neoconservatives, even if each inflects democracy differently), we confront not only barricades, but passageways through them segregating high-end business traf­ fic, ordinary travelers, and aspiring entrants deemed suspect by virtue of origin or appearance.4 Third, in a time featuring capaci­ ties for destruction historically unparalleled in their combined potency, miniaturization, and mobility, from bodies wired for explosion to nearly invisible biochemical toxins, these deadly but incorporeal powers are perversely answered by the stark physi­ calism of walls. So, three paradoxes: one featuring simultaneous opening and blocking, one featuring universa Iization combined with ex ·lusion and stratification and one featuring newtowrk and virtual power met by physical barricades.

What is also striking about these new barriers is that even ,1s t hey limn or attempt to define nation-state boundaries, they .He not built as defenses against potential attacks by other sov­ l'rc igns, as fortresses against invading armies, or even as shields .1gainst weapons launched in interstate wars. Rather, while the particular danger may vary, these walls target nonstate trans­ national actors-individuals, groups, movements, organizations, .1nd industries. They react to transnational, rather than interna­ l ional relations and respond to persistent, but often informal or subterranean powers, rather than to military undertakings. The 111 igration, smuggling, crime, terror, and even political purposes t h a t walls would interdict are rarely state sponsored, nor, for the most part, are they incited by national interests. Rather, they t a ke shape apart from conventions of Westphalian international order in which sovereign nation-states are the dominant political .1cl ors. As such, they appear as signs of a post-Westphalian world.

#### Cont – K of Agamben/Empire?

To speak of a post-Westphalian order is not to imply an era i11 which nation-state sovereignty is either finished or irrelevant. ltat her, the prefix "post" signifies a formation that is temporally �.�fier butnotoverthattowhichitisaffixed."Post"indicatesavery p.Hl icular condition of afterness in which what is past is not left IH·hind, but, on the contrary, relentlessly conditions, even domi­ ll,llcs apresentthatneverthelessalsobreaksinsomewaywiththis p.1.�t. Inotherwords,weusetheterm"post"onlyforapresent whose past continues to capture and structure it. Thus did "post­ W,u" characterize much of the second half of the Euro-Atlantic I Wl:nt ieth century, just as "post-Communism" identifies political, Wl' i a l , and economic challenges and predicaments set by the former Soviet bloc, while "post-Marxism" gathers contemporary diverse .�11\lnds ofleft philosophy and analysis working in the long shadow ol' Marxist intellectual paradigmsandpoliticalattachments.

Civcn t he v igorousness w ith which states still assert sovereign llowcr anrl t heir importance in constituting global order and di�ordcr,what ismeantbytheclaimthatstatesovereignty.iswan­ ill�?� This will be explored in :haptcr 2. Here, we may .�imply

# Cap K

## Cards

### 1NC Wage Labour

#### Wage labor is fundamentally unethical – the condition of commodity labor reduces the worker to wage slavery.

Nelson 95 [John O. Nelson (University of Colorado). “That a Worker's Labour Cannot Be a Commodity.” Philosophy, Vol. 70, No. 272 (Apr., 1995), pp. 157-165] AJ

There are, no doubt, a varietyof reasons, good and bad, why any- one might want to treat a worker's labour, and most people, con- sciously or unconsciously do, as a commodity. Commodities, very roughly speaking, are things that can be and are bought and sold. In a system of private capitalism, such as obtains in our own and surrounding societies, things in general get bought and sold. It is natural to carry over this general way of viewing and treating things to all particulars; thus, to a worker's labour. In addition, even our most particular modes of speech paint the same picture of labour. We speak of paying a labourer for so many hours of work; an auto mechanic, for instance, for five hours' labour at eighteen dollars per hour, or ninety dollars in all. It is then by only an easy transition that we view the worker's labour as a commodity. Treating a worker's labour as a commodity ties in, also, with the private capitalist's computational needs, as well as the economic theorist's purposes. It allows, for example, the worker's labour to be treated as simply another purchased good which goes into the over-all cost of a capitalist's product (say he is a manufacturer). The capitalist is thus enabled to compute his net profitor loss in the sale of his product or products. For his part, the economic theorist seems able, with a worker's labour being reduced to a commodity, to quantify his data and set up equations between dif- ferentsets of his data: all things that a theoristwith empirical pre- tensions has to be interestedin. For all these and no doubt other reasons,' good or bad, it may seem incumbent upon us, as I have already indicated, to treat labour as a commodity. Very arguably, however, this is a mistake, a mistake fraught with extremely undesirable and damaging consequences, especially for private capitalism. It can be persuasively argued, for instance, that the conception of the worker's labour as a commodity confirms Marx's stigmatization of the wage system of private capitalism as 'wage-slavery;' that is, as an instrument of the capitalist's for reducing the worker's condition to that of a slave, if not below it. To be sure, in the hands of Marx, the demonstration in question rests in part on his depicting the capitalist as a competition-driven seeker of profits, who to that end reduces the wages of his workers to a bare subsistence level, leaving them no better off,if not worse off,than actual slaves.2 We need not, however, include this moot premise in a demonstration that the present conception of labour reduces the worker to a slave. We can persuasively argue that just the notion of labour's being a commodity entails that conclusion. To commence with, our argument would be the following: A worker's labour is no more something separate and apart from him than is his sweat. Consider, then, the implications of his labour's being a commodity which may be bought or sold. Since it is not something apart and separate from the worker but is a com- modity, how can we buy it without at the same time buying the worker himself? For instance, say that his flesh were a legitimate commodity. If we bought all a worker's flesh would we not in effecthave bought the worker himself?Where, outside of his flesh, could he be? Surely, he too is swallowed up in our purchase of his flesh! But if the worker can be bought as a commodity then he has been reduced to being no more than a slave. A seemingly obvious answer might be that we had not, in buy- ing the worker s labour, bought his immortal soul, and that it is as an immortal soul the worker not only exists, but, quintessentially, exists. There is, no doubt, something right in this answer, for even if not a soul or Cartesian mind, a person is clearly something more than his mere body and whatever energy may be stored in it. A person's consciousness, for one thing, would seem to be theoreti- cally irreducible to atoms and their energies, while his body theo- retically is reducible to them. But in practical reality this answer takes us nowhere. Subtract all a worker s flesh and body, just what remains over to be a separate something,-call it, for the present, soul? We cannot honestly imagine what that might be. Besides, we are talking in practical terms about slavery and slaves. If, in buy- ing a worker's labour (its being a legitimate commodity), we could not buy the worker himself, because we had not bought, say, his immortal soul, then the existence of slavery and slaves would be a practical impossibility: which, of course, in even the conception of those most bitterly opposed to the institution, it is not.

#### The alternative is to endorse labor as a common – creative potentiality within the common is key to overcoming the condition of the worker.

Wainwright 12 [Hilary Wainwright (Critical and activist researcher, writer and editor. Researcher with the Transnational Institute (www.tni.org) and the Centre of Participation Studies, Peace Studies Dept. Bradford University). “From labour as commodity to labour as a common?” 23 October 2012] AJ

The growing movement of thought and the diverse initiatives around the idea of the commons provide one source of inspiration worth exploring (though not a ready-made framework to be applied in a simplistic way). The scope of commons thinking has widened tremendously in reaction to the incessant drive to commodify goods that had previously been held in common. These range from natural resources and services that historically have been taken out of the capitalist market and organised through public or civic organisations, such as health, education, science and, more generally, knowledge (libraries and archives, for example), to the newly-created digital commons, under constant threat of new enclosures. At first sight, labour, understood in terms of the application of the human capacity to create, would seem profoundly individual and therefore inimical to organisation as a commons. On further reflection, though, human creativity, with its individual and social dimensions inextricably intertwined, is a distinctive commons that is key to the possibility of a commons-based political economy. The writer and activist on the commons, Tomasso Fattori, traces the shared characteristics that make the framework of the commons useful for understanding the character of diverse phenomena, without artificially squeezing them into a category implying homogeneity. In an article reflecting on the wider significance of the successful struggle for the referendum vote in Italy on the future of water as a commons (‘a political and cultural revolution on the commons,’ as he describes it) Fattori says: ‘The commons are what is considered essential for life, understood not merely in the biological sense. They are the structures, which connect individuals to one another, tangible or intangible elements that we all have in common and which make us members of a society, not isolated entities in competition with each other. Elements that we maintain or reproduce together, according to rules established by the community: an area to be rescued from the decision-making of the post-democratic élite and which needs to be self-governed through forms of participative democracy.’ (Fattori 2011) In the light of these reflections, does it make sense, is it useful, to think of labour as a commons? These conditions for a commons could apply to human creativity on a basis that would not deny its irreducibly individual dimension. Rather, this individual dimension of what depends for its nature, realisation and wider social benefits on the way that society is organised, poses – as do all commons – specific problems of organisation and governance. Consider the human capacity to create, with Fattori’s definition in mind. It is a capacity that is shared by all humanity – indeed it is what makes us human; a capacity that is a powerful social force, a necessary condition of the life of many other commons; and which, though in one unique moment is individual-centered is also socially shaped. Dependent in good part on the nature of education, culture and distribution of wealth, it can be nurtured and developed or suppressed, undeveloped and wasted. It is socially realised (whether or not this distributed potential is achieved depends on the nature of the social relations of production, communication and distribution) and socially benefited from (who in society benefits from the creativity of others again depends on the economic, political and social relations). Perhaps we could draw on Marx’s contrast between the bee and the architect indirectly to reinforce the point about human creativity as a particular kind of commons. If we were like bees, then we and our product might be part of the natural commons – with beekeepers as the custodians, cultivators of the commons. But as the equivalent of architects, with the capacity to imagine and to create according to our imagination, we embody a different kind of commons: the commons of creativity. Of course human creativity is not new! But mass awareness – self-awareness and full social recognition – of creativity as a universal potential, is the result of cultural changes of material consequence. It has been accompanied by increasing conscious attention to the institutional implications of this recognition. I will touch on both of these in the next section of this chapter. I am thinking here especially of the steady, albeit uneven, rise over the past 40 years or so of an insistence, in practice, on cultural equality, in addition to the long tradition of demands for economic and political equality. Additionally, the widespread transcendence of a dichotomy between individual and collective and the emergence of both a social individualism and an associational understanding of collective organisation has helped to lay the basis of understanding creativity as a commons.

Again, this social individualism is not new. In many ways, it is a reconnection, from the circumstances of struggling in and against 21st-century capitalism, with the ethical tradition of Ubuntu. ‘You are a person because of other people,’ as a delegate to the Solidarity Economy Conference that led to this book put it. Or as Archbishop Tutu explains: ‘Ubuntu speaks particularly about the fact that you can’t exist as a human being in isolation. It speaks about our interconnectedness.’ By naming this creative capacity, this characteristic of all of humanity, as a commons, by highlighting its social as well as individual character and the associative, social conditions of its realisation, we also lay the basis for reclaiming the products of this capacity. These include those that in a certain sense have been appropriated by the state or by capital – such as ‘social capital’ and other forms of ‘free labour’ that are so vital to today’s informational capitalism. Another implication for our own organisations, political and economic, is the importance of building into them the nurturing and development of this commons. We need to do this in both a prefigurative sense and as an immediate means of strengthening their transformative capacity. To develop and apply the idea of labour/creativity as a commons, it is important to think of it as a collection of useful tools to be ingeniously deployed, rather than the comprehensive, ready-to-assemble solution that the idea of socialism was often treated as. Here are some of the kinds of tools it might provide. First, it opens up ways of seeing and understanding the wider potential of existing practices in the solidarity economy in achieving transformative gains in the broader social, public and private economy. An example here would be the importance of learning through and reflecting on practice; thinking of creativity as a commons leads to asking how we could envisage economic arrangements that build self-development, education and regeneration into daily life across what is now divided into work, consumption and personal life. Understanding labour and the potential of human creativity as a commons changes our view of employment. We can see this already in practice in parts of the solidarity economy where workers are never seen as ‘redundant’ and the aim is always redeployment and retraining. We also see how the scandalous waste of human creativity now evident in capitalist economies across the world has been a driving motive in the explosion of resistance from 2011 onwards, led often by the young unemployed. (Mason 2012) Human creativity as a commons also points to the importance of thinking at many different levels of economic and social relations and of inter-connecting them. So it leads to asking what institutional conditions for nurturing and realising creativity might mean at a micro level for how enterprises or urban spaces, for example, are organised; what it might mean at a macro level in terms of, for example, a means of livelihood beyond or autonomous from waged labour (what some have called ‘a basic wage’); and what it could mean at a mix of micro and macro levels – for example, in terms of legislative frameworks for the organisation of time. (Coote 2010) In this way seeing labour as a commons challenges tendencies towards enterprise or community egoism or atomism (a tendency in parts of the social economy as well as in capitalist enterprises) and emphasises the importance of solidarity and flows of mutuality between different elements of attempts at a solidarity and commons-based economy. More generally, it provides the basis for a strong antidote to the possessive individualism that has been so rampant in recent years, without counterposing a reified collectivism. (Macpherson 1964)

### Surplus Profits

#### Labor exploitation is the driving force of capitalism – it is responsible for all surplus profits

Bryan 10 [Dick Bryan (Professor of Political Economy, University of Sydney). “The Duality of Labour and the Financial Crisis.” The Economic and Labour Relations Review Vol. 20 No. 2, pp. 49–60. 2010] AJ

The origin of profits was a central question for Marx, and at its source was labour. Engels (1877) contended that Marx’s greatest insight in the labour theory of value was in explaining the source of surplus production, and hence the social foundations of ‘profit’. The notion that society usually produced surplus output (that is, more than is needed to sustain current production and consumption) was an established economic insight in the classical tradition of economics, and it was empirically clear that the economy did, under usual circumstances, produce surplus output. Moreover, within this surplus lay the basis of profit. But what was the source of the surplus (and hence profit) in a society based on the principle of exchange of equivalent values? Marx provided an emphatic answer to this question and, no matter what one makes of the Marxian economic project today, it has to be conceded that it was a profound and lasting insight. Marx argued that the surplus comes from labour. But it is not a surplus extracted by force or indenture (an unequal exchange) as was the case under feudalism, nor need it be judged as immoral, at least on its own terms. Indeed, Marx emphasised that, with the transition to capitalism, labour acquired a ‘dual freedom’: freedom from physical compulsion to labour (it becomes a choice), and freedom from a direct attachment to capital (as in the peasant’s attachment to the land) (1867: 272–273). For Marx, the explanation of the appropriation of a surplus under conditions of free (un-indentured) labour pivoted on the contention that labour is both a commodity and not a commodity at the same time. Marx explained this commodity/non-commodity attribute of labour via a distinction between the value of labour power and the value created by labour. The distinction requires explanation. The former, he argued, is a commodity that, like all commodities, is valued according to its own costs of production. In a world of prices, we would look to an explanation of the wage, and, if idealistic neo-classicals, to the marginal productivity of labour. Marx also emphasised individual productivity, but not before he had highlighted what it is that all workers have in common, and which makes them a class. It is that they must reproduce themselves, both short-term (food, housing, etc.) and inter-generationally (food, housing, etc. for dependents). This bundle of commodities is, in effect, sufficient to keep the worker return- ing to the factory day after day, year after year and generation after generation. Framed this way, the cost of reproducing the worker is understood in the same way as the cost of production of all commodities. Moreover, to emphasise the moral neutrality, this is a free and voluntary exchange, as is, in principle, all exchange within capitalism. It could be said that Marx over-states the argument that the costs of produc- tion of the worker (the value of labour power) is determined in the same way as is the cost of production of other commodities. Marx’s proposition does not provide a formal explanation for the actual level of consumption of food and housing at any particular point in time and space, although it will well be ap- preciated that these geographical and historical difference are context-specific and socially negotiated. Nor does Marx’s proposition suggest an immediate or comprehensive explanation for systematic wage differences between workers (e.g. due to skill differences — the neo-classical marginal productivity focus). Further, it does not leave room for an understanding of unpaid resources that go into the reproduction of the worker and their dependents (especially ‘domestic’ labour): there is an extensive literature explaining that some of the resources that go into the reproduction of the worker are not purchased, but come from non-wage labour, especially in the household.1 These insights need not divert us here, for the debates are driven by different agendas than those under consideration. In contrast with the value of labour power, the commodity dimension of labour, there is the value created by labour. The latter, what labour does in production, is not directly a commodity — at least not in the same sense. Inside the factory, Marx contended, labour (the noun) is set to labour (the verb). There are two critical elements here that make labour different from other productive inputs. One is that labour is embedded in the worker — so the owner of the capacity to work is always there, in the production process. They cannot hire out their ‘asset’ without hiring out themselves. This will shortly become a critical factor in our analysis. Second, in the act of labouring, labour creates new value, and it creates in a way that machines do not. In both these senses, the employment process is innately social — not just a process of arms-length exchange. In the act of creation, labour makes products which, to cut a long analysis short, embody more value than the value of the inputs. In price terms, we would say that the price of output is greater than the combined price of the inputs (under ‘normal’ circumstances) because of ‘value added’. What is the source of ‘value added’? Not, says Marx, some nebulous ‘return to entrepreneurship’ or ‘reward for risk’ (the two popular conventional rationales of profit that look so inadequate in the current crisis), but the extra value created by labour in excess of its own costs of reproduction.

### Contradiction of Labor

#### Central contradiction of capital is the inequality between worker as consumer and worker as producer. This drives continual expansion

Hardt and Negri 01 [Michael Hardt (American literary theorist and political philosopher) and Antonio Negri (Ph.D., is an Italian Marxist soci ologist, scholar, revolutionary philosopher and teacher). “Empire.” 2001. Harvard University Press] AJ

Marx analyzes capital's constant need for expansion first by focusing on the process of realization and thus on the unequal quantitative relationship between the worker as producer and the worker as consumer of commodities.3 The problem of realization is one of the factors that drives capital beyond its boundaries and poses the tendency toward the world market. In order to understand the problem we have to start out from exploitation. "To begin with," we read in the Grundrisse, "capital forces the workers beyond necessary labour to surplus labour. Only in this way does it realize itself, and create surplus value" (p. 421). The wage of the worker (corresponding to necessary labor) must be less than the total value produced by the worker. This surplus value, however, must find an adequate market in order to be realized. Since each worker must produce more value than he or she consumes, the demand of the worker as consumer can never be an adequate demand for the surplus value. In a closed system, the capitalist production and exchange process is thus defined by a series of barriers: "Capital, then, posits necessary labour time as the barrier to the exchange value of living labour capacity; surplus labour time as the barrier to necessary labour time; and surplus value as the barrier to surplus labour time" (p. 422). All these barriers flow from a single barrier defined by the unequal relationship between the worker as producer and the worker as consumer. Certainly, the capitalist class (along with the other classes that share in its profits) will consume some of this excess value, but it cannot consume all of it, because if it did there would be no surplus value left to reinvest. Instead of consuming all the surplus value, capitalists must practice abstinence, which is to say, they must accumulate.4 Capital itself demands that capitalists renounce plea- sures and abstain as much as possible from "wasting" the surplus value on their own consumption. This cultural explanation of capitalist morality and abstinence, however, is just a symptom of the real economic barriers posed within capitalist production. On the one hand, if there is to be profit, then the workers must produce more value than they consume. On the other hand, if there is to be accumulation, the capitalist class and its dependents cannot consume all of that surplus value. If the working class together with the capitalist class and its dependents cannot form an adequate market and buy all the commodities produced, then even though exploitation has taken place and surplus value has been extracted, that value cannot be realized. Marx points out further that this barrier is continually exacer- bated as labor becomes ever more productive. With the increase of productivity and the consequent rise in the composition of capital, variable capital (that is, the wage paid the workers) constitutes an increasingly small part of the total value of the commodities. This means that the workers' power of consumption is increasingly small with respect to the commodities produced: "The more productivity develops, the more it comes into conflict with the narrow basis on which the relations of consumption rest."6 The realization of capital is thus blocked by the problem of the "narrow basis" of the powers of consumption. We should note that this barrier has nothing to do with the absolute power of production of a population or its absolute power of consumption (undoubtedly the proletariat could and wants to consume more), but rather it refers to the relative power of consumption of a population within the capitalist relations of production and reproduction. In order to realize the surplus value generated in the production process and avoid the devaluation resulting from overproduction, Marx argues that capital must expand its realm: "A precondition of production based on capital is therefore the production of a constantly widening sphere of circulation, whether the sphere itself is directly expanded or whether more points within it are created as points of production" (p. 407). Expanding the sphere of circulation can be accomplished by intensifying existing markets within the capitalist sphere through new needs and wants; but the quantity of the wage available to workers for spending and the capitalists' need to accumulate pose a rigid barrier to this expansion. Alternatively, additional consumers can be created by drafting new populations into the capitalist relationship, but this cannot stabilize the basically unequal relationship between supply and demand, between the value created and the value that can be consumed by the population of proletarians and capitalists involved.' On the contrary, new prole- tarians will themselves always be an inadequate market for the value of what they produce, and thus they will always only reproduce the problem on a larger scale. The only effective solution is for capital to look outside itself and discover noncapitalist markets in which to exchange the commodities and realize their value. Expansion of the sphere of circulation outside the capitalist realm displaces the destabilizing inequality. Rosa Luxemburg developed Marx's analysis of the problem of realization, but she changed the inflection of that analysis. Luxem- burg casts the fact that "outside consumers qua other-than-capitalist are really essential" (pp. 365—66) in order for capital to realize its surplus value as an indication of capital's dependence on its outside. Capitalism is "the first mode of economy which is unable to exist by itself, which needs other economic systems as a medium and a soil."9 Capital is an organism that cannot sustain itself without constantly looking beyond its boundaries, feeding off its external environment. Its outside is essential.

## WIP

### Notes

Marx Conflict Model, functional model

Split labor markets theory, Edna Bonacich

Production of surplus value is the driver of capitalism – wage labour is key

### Cards

#### Surplus profits come from labor

Bryan 10 [Dick Bryan (Professor of Political Economy, University of Sydney). “The Duality of Labour and the Financial Crisis.” The Economic and Labour Relations Review Vol. 20 No. 2, pp. 49–60. 2010] AJ

The origin of profits was a central question for Marx, and at its source was labour. Engels (1877) contended that Marx’s greatest insight in the labour theory of value was in explaining the source of surplus production, and hence the social foundations of ‘profit’. The notion that society usually produced surplus output (that is, more than is needed to sustain current production and consumption) was an established economic insight in the classical tradition of economics, and it was empirically clear that the economy did, under usual circumstances, produce surplus output. Moreover, within this surplus lay the basis of profit. But what was the source of the surplus (and hence profit) in a society based on the principle of exchange of equivalent values? Marx provided an emphatic answer to this question and, no matter what one makes of the Marxian economic project today, it has to be conceded that it was a profound and lasting insight. Marx argued that the surplus comes from labour. 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#### Objectification is end goal

Shields and Grant 10 [John Shields and David Grant (Faculty of Economics and Business, University of Sydney). “Psychologising the Subject: HRM, Commodification, and the Objectification of Labour.” The Economic and Labour Relations Review Vol. 20 No. 2, pp. 61–76. 2010] AJ

As a starting point, we wish to offer some a priori answers to what we believe are five questions that are of central interest to the theme of this special issue of Economic and Labour Relations Review:

1. Is labour a commodity? The assumption that human labour is (or should be) a marketised and freely traded ‘factor of production’ with the capital- ist mode is one of the key precepts of classical and neo-classical labour economics. However, like much that passes for reality in this realm of aca- demic knowledge, the textbook model fails to match the lived reality.

2. Does capital want labour fully commodified? Yes, this has been the aspiration of employers, management practitioners and theorists since the time of the first Industrial Revolution.

3. Is commodification all that capital wants or needs? No, definitely not. Even a passing familiarity with the history of chattel slavery would demonstrate (e.g. Genovese 1976) that to assume that commodification is a sufficient condition for optimising labour value appropriation, reflects a naïvety about the world of work and the human dynamics of the workplace that cannot be allowed to stand.

4. What else do employers really want? They want human labour fully objec- tified — psychologically as well as physically. Through a process of system- atic objectification, they want to have total control over workers’ hearts and heads as well as their bodies. The underlying dynamic of the capitalist labour process is not market commodification per se; rather, it is labour objectification.

5. Is objectification really attainable? No, not under any mode where embod- ied, thinking and emotional labour is still necessary. Workers have their own individual and collective expectations and agendas, and these are most unlikely to be fully congruent with those of management or the em- ploying organisation. This has not stopped management engaging in an ongoing search for congruence, and has meant that capital’s objectification project has become more sophisticated over time.

In essence then, we argue that for employers, the primary agenda is not one of commodification but of objectification. Labour commodification is undoubtedly essential for the viability of market capitalism. Indeed, it may take on added significance at particular moments such as periods of skills shortage, but it is not enough. However, the most proximal, intimate and (potentially) insidious facet of labour utilisation, we suggest, is management’s desire to transform fellow human beings into value-conferring objects at workplace scale. Commodification gives us labour as an individualised ‘exchange’ object (‘labour power’) external to the organisation. Yet, as both structuralist labour process theorists (Legge 1995b; Thompson and McHugh 2002; Watson 2004) and post-structuralist criti- cal management studies writers (Townley 1994; Willmott 1994; Grant et al 2004) contend, it is what goes on within the workplace that really matters: namely, the process of attempted objectification. What lies behind the managerial ideal of human labour as an individualised ‘resource’ object is the employer’s drive to control employee heads and hearts, skill and effort.

As both the classical and radical schools of economic thought acknowledge, labour is a commodity like no other: it thinks, feels and (re)acts. People who happen to be categorised as ‘employees’ are, first and foremost, social subjects.

The fundamental (and ongoing) management dilemma thus has to do with how best to objectify the subject at the point of production.

By way of example: at law, chattel slaves were certainly tradable human com- modities; but as the US social historian Eugene Genovese (1976) has documented so movingly, both the slave-owners and the slaves knew only too well that the real struggle in the Deep South was not over who won the slave auction but over who dominated effort and identity within the workplace. Let us not forget that slaves resisted, too. They practiced collective work effort restriction (or ‘system-

atic soldiering’ as it was later termed); and they knew how to both subvert and accommodate owner coercion and white racist culture. Our argument is that, in these respects at least, the distinction between the slave mode and the so-called

‘free labour’ is more one of degree than kind.

#### Link card

Shields and Grant 10 [John Shields and David Grant (Faculty of Economics and Business, University of Sydney). “Psychologising the Subject: HRM, Commodification, and the Objectification of Labour.” The Economic and Labour Relations Review Vol. 20 No. 2, pp. 61–76. 2010] AJ

In capitalist modes, commodification and objectification are parallel social processes. Commodification is a defining characteristic of the market capitalist mode, but it is best understood as a necessary rather than sufficient condition for optimal control over ‘human resources’. From the employer perspective, the immediate need is to transform human beings into value-conferring objects at workplace scale. Commodification gives us labour as an individualised ‘exchange’ object (‘labour power’) external to the organisation, and the marketisation of human labour is a vital element of capitalist production. Yet it is what goes on within the workplace that matters most. What lies behind the managerial ideal of human labour as an individualised ‘resource’ object is the drive to control employee productive knowledge, skill, attitudes, emotion and effort at the point of production.

Like the ideal of commodification and free labour market exchange, the objectification ideal is a perpetual aspiration that management is predestined to pursue in order to legitimate its own social and organisational being. Man- agement’s pursuit of the objectification agenda continues unabated — precisely because it has to. As with labour commodification, labour objectification remains a work-in-progress at all scales: globally, locally and organisationally.

We have shown that the objectification imperative has taken a particular turn in recent decades, especially under the rubric of ‘human resource management’. The history of recent labour management thought and practice is best understood

as an ever-more sophisticated attempt to psychologise the employee subject into a resource object. The latest turn in management’s objectification project has been to seek to render human cognition and affects — the basis of the worker’s status as a social and organisational subject — classifiable, measurable and, hence, more manipulable. This is certainly true of the seemingly employee-centred labour management concepts and practices of the past twenty years.

What is particularly noticeable is that it is precisely those iterations of ‘soft’ HRM which appear to be most academically detached and cognisant of workers as organisational subjects. HRM-related concepts of employee ‘engagement’, the employee ‘psychological contract’, and ‘organisational justice’, as well as con- structs and practices from the realm of applied psychology and psychometrics, seek to objectify the worker subject in the most intimate of ways. The classifica- tion and measurement of employee ‘traits’, values, attitudes and emotions — or the psychologising of the employee-subject — is not an end in itself but merely the latest and most systematic means to management securing control of labour. In short, while the worker is cast as a thinking, feeling, wellness-seeking organi- sational agent, the ultimate aim for management, as agents of capitalism, remains that of ‘human resource’ objectification.

#### Labor as commodity is bad

Nelson 95 [John O. Nelson (University of Colorado). “That a Worker's Labour Cannot Be a Commodity.” Philosophy, Vol. 70, No. 272 (Apr., 1995), pp. 157-165] AJ

There are, no doubt, a varietyof reasons, good and bad, why any- one might want to treat a worker's labour, and most people, con- sciously or unconsciously do, as a commodity. Commodities, very roughly speaking, are things that can be and are bought and sold. In a system of private capitalism, such as obtains in our own and surrounding societies, things in general get bought and sold. It is natural to carry over this general way of viewing and treating things to all particulars; thus, to a worker's labour. In addition, even our most particular modes of speech paint the same picture of labour. We speak of paying a labourer for so many hours of work; an auto mechanic, for instance, for five hours' labour at eighteen dollars per hour, or ninety dollars in all. It is then by only an easy transition that we view the worker's labour as a commodity. Treating a worker's labour as a commodity ties in, also, with the private capitalist's computational needs, as well as the economic theorist's purposes. It allows, for example, the worker's labour to be treated as simply another purchased good which goes into the over-all cost of a capitalist's product (say he is a manufacturer). The capitalist is thus enabled to compute his net profitor loss in the sale of his product or products. For his part, the economic theorist seems able, with a worker's labour being reduced to a commodity, to quantify his data and set up equations between dif- ferentsets of his data: all things that a theoristwith empirical pre- tensions has to be interestedin. For all these and no doubt other reasons,' good or bad, it may seem incumbent upon us, as I have already indicated, to treat labour as a commodity. Very arguably, however, this is a mistake, a mistake fraught with extremely undesirable and damaging consequences, especially for private capitalism. It can be persuasively argued, for instance, that the conception of the worker's labour as a commodity confirms Marx's stigmatization of the wage system of private capitalism as 'wage-slavery;' that is, as an instrument of the capitalist's for reducing the worker's condition to that of a slave, if not below it. To be sure, in the hands of Marx, the demonstration in question rests in part on his depicting the capitalist as a competition-driven seeker of profits, who to that end reduces the wages of his workers to a bare subsistence level, leaving them no better off,if not worse off,than actual slaves.2 We need not, however, include this moot premise in a demonstration that the present conception of labour reduces the worker to a slave. We can persuasively argue that just the notion of labour's being a commodity entails that conclusion. To commence with, our argument would be the following: A worker's labour is no more something separate and apart from him than is his sweat. Consider, then, the implications of his labour's being a commodity which may be bought or sold. Since it is not something apart and separate from the worker but is a com- modity, how can we buy it without at the same time buying the worker himself? For instance, say that his flesh were a legitimate commodity. If we bought all a worker's flesh would we not in effecthave bought the worker himself?Where, outside of his flesh, could he be? Surely, he too is swallowed up in our purchase of his flesh! But if the worker can be bought as a commodity then he has been reduced to being no more than a slave. A seemingly obvious answer might be that we had not, in buy- ing the worker s labour, bought his immortal soul, and that it is as an immortal soul the worker not only exists, but, quintessentially, exists. There is, no doubt, something right in this answer, for even if not a soul or Cartesian mind, a person is clearly something more than his mere body and whatever energy may be stored in it. A person's consciousness, for one thing, would seem to be theoreti- cally irreducible to atoms and their energies, while his body theo- retically is reducible to them. But in practical reality this answer takes us nowhere. Subtract all a worker s flesh and body, just what remains over to be a separate something,-call it, for the present, soul? We cannot honestly imagine what that might be. Besides, we are talking in practical terms about slavery and slaves. If, in buy- ing a worker's labour (its being a legitimate commodity), we could not buy the worker himself, because we had not bought, say, his immortal soul, then the existence of slavery and slaves would be a practical impossibility: which, of course, in even the conception of those most bitterly opposed to the institution, it is not.

#### The alternative is to endorse labor as a common

Wainwright 12 [Hilary Wainwright (Critical and activist researcher, writer and editor. Researcher with the Transnational Institute (www.tni.org) and the Centre of Participation Studies, Peace Studies Dept. Bradford University). “From labour as commodity to labour as a common?” 23 October 2012] AJ

The growing movement of thought and the diverse initiatives around the idea of the commons provide one source of inspiration worth exploring (though not a ready-made framework to be applied in a simplistic way). The scope of commons thinking has widened tremendously in reaction to the incessant drive to commodify goods that had previously been held in common. These range from natural resources and services that historically have been taken out of the capitalist market and organised through public or civic organisations, such as health, education, science and, more generally, knowledge (libraries and archives, for example), to the newly-created digital commons, under constant threat of new enclosures. At first sight, labour, understood in terms of the application of the human capacity to create, would seem profoundly individual and therefore inimical to organisation as a commons. On further reflection, though, human creativity, with its individual and social dimensions inextricably intertwined, is a distinctive commons that is key to the possibility of a commons-based political economy. The writer and activist on the commons, Tomasso Fattori, traces the shared characteristics that make the framework of the commons useful for understanding the character of diverse phenomena, without artificially squeezing them into a category implying homogeneity. In an article reflecting on the wider significance of the successful struggle for the referendum vote in Italy on the future of water as a commons (‘a political and cultural revolution on the commons,’ as he describes it) Fattori says: ‘The commons are what is considered essential for life, understood not merely in the biological sense. They are the structures, which connect individuals to one another, tangible or intangible elements that we all have in common and which make us members of a society, not isolated entities in competition with each other. Elements that we maintain or reproduce together, according to rules established by the community: an area to be rescued from the decision-making of the post-democratic élite and which needs to be self-governed through forms of participative democracy.’ (Fattori 2011) In the light of these reflections, does it make sense, is it useful, to think of labour as a commons? These conditions for a commons could apply to human creativity on a basis that would not deny its irreducibly individual dimension. Rather, this individual dimension of what depends for its nature, realisation and wider social benefits on the way that society is organised, poses – as do all commons – specific problems of organisation and governance. Consider the human capacity to create, with Fattori’s definition in mind. It is a capacity that is shared by all humanity – indeed it is what makes us human; a capacity that is a powerful social force, a necessary condition of the life of many other commons; and which, though in one unique moment is individual-centered is also socially shaped. Dependent in good part on the nature of education, culture and distribution of wealth, it can be nurtured and developed or suppressed, undeveloped and wasted. It is socially realised (whether or not this distributed potential is achieved depends on the nature of the social relations of production, communication and distribution) and socially benefited from (who in society benefits from the creativity of others again depends on the economic, political and social relations). Perhaps we could draw on Marx’s contrast between the bee and the architect indirectly to reinforce the point about human creativity as a particular kind of commons. If we were like bees, then we and our product might be part of the natural commons – with beekeepers as the custodians, cultivators of the commons. But as the equivalent of architects, with the capacity to imagine and to create according to our imagination, we embody a different kind of commons: the commons of creativity. Of course human creativity is not new! But mass awareness – self-awareness and full social recognition – of creativity as a universal potential, is the result of cultural changes of material consequence. It has been accompanied by increasing conscious attention to the institutional implications of this recognition. I will touch on both of these in the next section of this chapter. I am thinking here especially of the steady, albeit uneven, rise over the past 40 years or so of an insistence, in practice, on cultural equality, in addition to the long tradition of demands for economic and political equality. Additionally, the widespread transcendence of a dichotomy between individual and collective and the emergence of both a social individualism and an associational understanding of collective organisation has helped to lay the basis of understanding creativity as a commons.

Again, this social individualism is not new. In many ways, it is a reconnection, from the circumstances of struggling in and against 21st-century capitalism, with the ethical tradition of Ubuntu. ‘You are a person because of other people,’ as a delegate to the Solidarity Economy Conference that led to this book put it. Or as Archbishop Tutu explains: ‘Ubuntu speaks particularly about the fact that you can’t exist as a human being in isolation. It speaks about our interconnectedness.’ By naming this creative capacity, this characteristic of all of humanity, as a commons, by highlighting its social as well as individual character and the associative, social conditions of its realisation, we also lay the basis for reclaiming the products of this capacity. These include those that in a certain sense have been appropriated by the state or by capital – such as ‘social capital’ and other forms of ‘free labour’ that are so vital to today’s informational capitalism. Another implication for our own organisations, political and economic, is the importance of building into them the nurturing and development of this commons. We need to do this in both a prefigurative sense and as an immediate means of strengthening their transformative capacity. To develop and apply the idea of labour/creativity as a commons, it is important to think of it as a collection of useful tools to be ingeniously deployed, rather than the comprehensive, ready-to-assemble solution that the idea of socialism was often treated as. Here are some of the kinds of tools it might provide. First, it opens up ways of seeing and understanding the wider potential of existing practices in the solidarity economy in achieving transformative gains in the broader social, public and private economy. An example here would be the importance of learning through and reflecting on practice; thinking of creativity as a commons leads to asking how we could envisage economic arrangements that build self-development, education and regeneration into daily life across what is now divided into work, consumption and personal life. Understanding labour and the potential of human creativity as a commons changes our view of employment. We can see this already in practice in parts of the solidarity economy where workers are never seen as ‘redundant’ and the aim is always redeployment and retraining. We also see how the scandalous waste of human creativity now evident in capitalist economies across the world has been a driving motive in the explosion of resistance from 2011 onwards, led often by the young unemployed. (Mason 2012) Human creativity as a commons also points to the importance of thinking at many different levels of economic and social relations and of inter-connecting them. So it leads to asking what institutional conditions for nurturing and realising creativity might mean at a micro level for how enterprises or urban spaces, for example, are organised; what it might mean at a macro level in terms of, for example, a means of livelihood beyond or autonomous from waged labour (what some have called ‘a basic wage’); and what it could mean at a mix of micro and macro levels – for example, in terms of legislative frameworks for the organisation of time. (Coote 2010) In this way seeing labour as a commons challenges tendencies towards enterprise or community egoism or atomism (a tendency in parts of the social economy as well as in capitalist enterprises) and emphasises the importance of solidarity and flows of mutuality between different elements of attempts at a solidarity and commons-based economy. More generally, it provides the basis for a strong antidote to the possessive individualism that has been so rampant in recent years, without counterposing a reified collectivism. (Macpherson 1964)

### Jones 07

Jones 07 [Shane Jones. “A Minimum Wage Versus a Living Wage.” Socialist Appeal. 30 January, 2007. http://www.socialistappeal.org/analysis/labor-movement-mainmenu-71/310-a-minimum-wage-versus-a-living-wage] AJ

aa

#### Living wage is a necessary compromise and step towards socialism

Jones 07 [Shane Jones. “A Minimum Wage Versus a Living Wage.” Socialist Appeal. 30 January, 2007. http://www.socialistappeal.org/analysis/labor-movement-mainmenu-71/310-a-minimum-wage-versus-a-living-wage] AJ

A living wage differs from a minimum wage in that a minimum wage is simply a set level or dollar figure i.e. 25 cents, $5.15, $7.25 etc. On the other hand, a living wage is a positive right to a decent standard of living. It is nothing more than a legally set real wage, tied to inflation. That is, the purchasing power of wages are tied to the real prices of other commodities. For example, as food prices rise, so do wages. A living wage maintains the standard of living and provides economic stability for working people. It is impossible to simply reform capitalism to make it more “fair”. At its core, capitalism is a system of exploitation of labor for profit. This makes a living wage for all an impossibility, as it would bring out all the contradictions of capitalism. So while Marxists support every material and social gain won by workers under capitalism, at the same time we realize that these limited gains are not an end in and of themselves, but function within the limited bounds of capitalism. Under pressure from below, the ruling class offers a crumb here and there in order to keep order. We think working people deserve more than crumbs. Yes to a minimum wage increase! Yes to a thousand and one of them! But the story cannot end there. We need a living wage - one where workers do not have to wait in economic limbo for decades. Working people don’t need periodic token rewards tailored to placate and win votes. Rather, we deserve stability, dignity and access to all the requirements of social life: a real living wage.

### Clark 14

Clark 14 [Erin Marie Clark (2014) Sociological Theories of Low-Wage Work, Journal of Human Behavior in the Social Environment, 24:1, 38-50] AJ

Aa

#### A2 Marx Conflict model

There are three main critiques of the conflict model: (1) Many of its predictions have not come true (e.g., the rise in the class consciousness of the proletariat and the subsequent rejection of the bourgeois has not occurred; Clawson & Neustatdtl, 1989; Hall, 1994); (2) its single focus on power does not adequately address individual performance or ability as a relevant factor in determining wages (Hall, 1994); and (3) focus on social class alone does not adequately address the issues of gender and race (Eisenstein, 2009).

### Raventos 07

Raventos 07 [Daniel Raventós (Translated from the Spanish by Julie Wark, PhD in Economics , Professor of the Department of Sociological Theory, Philosophy of Law and Methodology of Social Sciences at the Faculty of Economics and Business at the University of Barcelona). “Basic Income: The Material Conditions of Freedom. 2007] AJ

#### Card

The fourth explanation, the most informative and sophisti- cated, sees poverty as a problem that is inherent and even crucial to the functioning of particular social systems, and considers that in capitalist societies, poverty is essentially caused by the dynamics of class exploitation. Now that the word ‘exploitation’ has appeared and since, unfortunately, it is a term that is widely used, with little rigour and in the most diverse range of contexts, I shall need to give it some attention. Wright’s discussion of the term is both revealing in itself and helpful for understanding his more general analysis of poverty. In brief, he argues that if we break down the concept of exploitation – leaving aside the moral component that arises with any exploitative social relation – its nub is to be found in a partic- ular type of antagonistic interdependence that appears between the material interests of different actors in economic relations. ‘Material interests’ refers to the options people have to deal with in pursuing their economic well-being. Saying that people have a material interest in improving their economic well-being does not necessarily mean they want to increase their consumption levels to the nth degree, but rather that they want to improve the balance of their options between work, leisure and consumption. In turn, the expression ‘antagonistic material interests’ has a more precise meaning. Two people have antagonistic material interests when strategies for improving the well-being of one entail inherent threats to the well-being of another. The well-being of the favoured person is not just greater than that of the disadvantaged

person, but it is obtained at the expense of the other. Antagonistic material interests can appear in many contexts (between different capitalist companies competing for raw materials or a niche in the market, for example), but Wright is more specifically interested in the context of material interests between two opposed or antagonistic classes. For Wright, if

exploitation is to occur, three conditions are needed:

1. The welfare of one group of people depends on the material deprivation of another.

2. The causal relationship in (1) implies the asymmetrical exclusion of the exploited group from certain productive resources (typically property rights).

3. The causal mechanism that translates the exclusion of condi- tion (2) into the differences of well-being in (1) entails the appropriation of the fruits of labour of the exploited group by the group that controls the relevant productive resources.

This is a compact definition. The first condition establishes the antagonism of material interests. The second condition estab- lishes that the antagonism has its roots in how people are situated in the social organisation of production. The third condition identifies the specific mechanism through which the interdependent antagonistic material interests are generated.

In Wright’s scheme, the well-being of the exploiter depends on the efforts of the exploited as well as on depriving him or her of productive resources. If only the first two conditions were fulfilled we would have ‘non-exploitative economic oppression’, without the mechanism of exploitation. In the first condition, there is no transfer to the oppressor of the fruits of labour of the oppressed. The oppressor’s well-being simply depends on excluding the oppressed from access to certain resources but not on his or her efforts or labour power. A colonial example illus- trates this point. There can be no doubt that life would have been much easier for the European settlers if the territory that subse- quently became the United States and Canada had not already been inhabited by other people.2 The Indians were not exploited but were only deprived of their resources and exterminated.

Genocide is always a potential strategy for non-exploitative oppressors but not for exploiters. Exploitation defines struc- tured processes of interaction for a set of social relations that bind exploiter and exploited. In the Marxist tradition of class analysis, class divisions are defined in terms of the link between property rights and exploitation. In capitalist society, the central form of exploitation is based on property rights over the means of production. These property rights generate three classes: the capitalists (exploiters), who possess the means of production; the workers (exploited), who do not possess the means of production and sell their labour power; and the petty bour- geoisie (neither exploiters nor exploited), who possess some means of production that they employ in working for them- selves without hiring themselves out to others. The exploitation that generates the capital–labour relation has been well known since Marx’s times: workers have to sell their labour power to those who possess the means of production. Capitalists, through their possession of the means of production and of property rights, and the power this confers on them, are able to force the workers to produce more than is necessary for their subsistence, the ‘surplus value’, which the capitalists appropriate.

However, to return to exploitation, if Xavier exploits Sergi, Xavier needs Sergi because he depends on Sergi’s labour power, but if Xavier oppresses Sergi, he doesn’t need Sergi. To put this differently and in bald terms, oppressors would be quite happy if the oppressed disappeared so, as I have remarked, genocide is an option for oppressors but generally not for exploiters. ‘The best Indian is a dead Indian’ is a phrase often repeated by some oppressors of American Indians and it can apply to Indians as a whole. Conversely, if some exploiters feel moved to say, ‘The best worker is a dead worker’, they cannot be referring to work- ers as a whole because workers are necessary. They could only refer to specific workers, unruly, trouble-making, incorruptible ones, let’s say.

Poverty exists, to return to the fourth point, because of the fact that there are powerful people who have an interest in its existence. As Wright points out:

The pivotal idea is that there are powerful and privileged actors who have an active interest in maintaining poverty. It is not just that poverty is an unfortunate consequence of their pursuit of material interests; it is an essential condition for the realization of their interests.

#### Alt? Bad card

This view of poverty can allow two major alternative arguments as to how it should be eradicated: the revolutionary Marxist and the social-democratic standpoints.3 For the former, the only way to reduce poverty is to eliminate capitalism, while for the latter, capitalism can be partly reined in and a certain redistribution of wealth is possible.

Erik Olin Wright belongs to the first, revolutionary Marx- ist, group and draws the following conclusions in his analysis: (1) there might be people who are poor because they have a very limited intelligence or as a result of cultural factors passed down from previous generations; (2) this is a sadly incomplete explanation; (3) there are a significant number of people with material advantages who are exploiters or oppressors (which, as I have noted, are not at all the same thing) with a great interest in maintaining poverty; (4) any solution to poverty must take power relations into account; and (5) anti-poverty programmes should not be rejected.

One can agree with all these points or only some of them. Certainly, in order to agree with the fifth conclusion, it is not necessary to accept the other four. The Basic Income proposal fits well with Wright’s fifth and final conclusion because, among its other virtues, it is a proposal for fighting poverty. Let us return to poverty itself now.

#### Poverty is biggest impact to freedom

Raventos 07 [Daniel Raventós (Translated from the Spanish by Julie Wark, PhD in Economics , Professor of the Department of Sociological Theory, Philosophy of Law and Methodology of Social Sciences at the Faculty of Economics and Business at the University of Barcelona). “Basic Income: The Material Conditions of Freedom. 2007] AJ

In dealing with the point I want to cover now, I shall return briefly to what I discussed in Chapter 3. In the republican conception, a person is not free unless he or she has a guaran- teed material existence. A person is not free if he or she has every day to seek the permission of another or others in order to live (‘live only with their permission’, in Marx’s apt and very graphic words). Evidently poverty means the impossibility of ￼ consuming necessary goods, it means difficulties of integration in a community, it means greater probability of falling prey to certain types of social pathology and it also means other mate- rial and social deficiencies. Besides all this, poverty also means depending on the greed of others, it means a lack of self respect (without which, for Rawls, as we have seen in Chapter 2, noth- ing seems worthy of attempting, and if any projects should have some value for a person who lacks self-respect, he or she does not have the necessary willpower to make the effort to carry them out) and it means social isolation. If we start out from the republican principle that equality and freedom are not goals to be striven for independently of each other; if we agree that the person who is in a situation of great inferiority with regard to others – as is the case of the poor – cannot be free; if we accept the premise that great social inequalities are a real impediment to the freedom of many millions of people, then it is not difficult to conclude that the poor cannot be free. Conversely, this lack of freedom suffered by the poor, this need to seek the permission of others every day in order to subsist, only exacerbates the next incremental leap in the inequality gap. Basic Income is a proposal that seeks to eradicate poverty. However, from the republican standpoint, if this is a goal to be pursued it is precisely because eradicating poverty by guaran- teeing the material existence of all citizens is a necessary condi- tion for the exercise of freedom. Putting an end to poverty is essential for making people equal, which is to say, equal in the more precise sense of being reciprocally free, and this means nothing other than mutual recognition of the freedom that is bestowed by having the means of material existence. If X has depend on Y for his or her daily existence, Y will not recognise any equality (of reciprocity in freedom) with regard to X because this dependence makes X subject to an alien regime, alieni iuris or, in other words, ‘alienated’. A poor person is always alieni iuris because of not having the material bases of his or her existence. There are many powerful reasons for eliminating poverty but, in republican terms, the supreme point is providing the conditions for the material existence that will enable the social existence of the person who has been excluded precisely because of poverty.

### Parijs

#### UBI = real freedom

What, then, is the best institutional expression of the ideal captured by the slogan ‘real-freedom-for-all’? One is really free, as opposed to just formally free, to the extent that one possesses the means, not just the right,todowhateveronemightwanttodo.Whenarguingagainstthisconceptionoffreedom,HayekandBuchanan, as we have seen (§ 1.7), were more specific: if one abandons their own, narrower, definition of freedom, one is bound to slip into equating the latter with wealth or the budget-set. This prompts the suggestion that real-freedom-for-all requiresustoleximinpeople'spurchasingpower,subjectofcoursetorespectingeveryone'sformalfreedom.Put bluntly, our ideal requires us to raise the lowest incomes as much as is compatible with a ban on forced labour.

But let us be very careful here. The real freedom we need to be concerned with is not just the real freedom to choose among the various bundles of goods one might wish to consume. It is the real freedom to choose among the various livesonemightwishtolead.Stressingthisdistinctiondoesnotdepriveincome,orthebudget-set,ofitsimportance. But it makes it crucially important that the income should be given unconditionally to each citizen, no strings attached, that is, without any constraint other than her budget on not only what she may buy, but also on how she may use her time. Hence the following, far more radical suggestion. If we are serious about pursuing real-freedom-for-all—and if we are willing to abstract for the moment both from dynamic considerations and from interpersonal differences in abilities—what we have to go for is the highest unconditional income for all consistent with security and self-ownership.

This is a radical suggestion indeed, not only relative to the libertarians' and their close kin's desperate groping for a narrow concept of freedom, but also relative to the standard social-democratic stance, so concerned with the real freedom to consume as abundantly as one might wish that they lose sight of the real freedom to live as unconventionally as one might fancy. In other quarters, the suggestion may be found more congenial. For example, it can be viewed as reflecting in the most straightforward fashion a key component of the old critique of capitalism by ‘scientific’ and ‘utopian’ socialism alike: the revolt against proletarian subjection to the wage relationship, and hence to the capitalists' rule. And it is also in tune with the more recent ‘green’ and ‘alternative’ movements' emphasis on quality of life, self-realization, and the preservation of inter-personal relations free of monetary considerations, in contrast to the satisfaction of material desires thanks to a career geared to making as much money as possible. It only encompasses these concerns, however, to the extent compatible with a liberal or anti-perfectionistic standpoint (see § 1.8). What the suggested institutional set-up is intended to do is not to discourage as much as possible waged labour or a career-dominated existence, but to do as much as can be done in order to provide everyone with a genuine opportunity to make different choices.1 Real-libertarians can side with the old critics of alienation or the new advocates of alternative lifestyles, but only to the extent that their demands require no perfectionistic premiss, no superiority claim on behalf of one particular conception of the good life. If it is true that societies such as ours are heavily biased the other way, this extent can be very large.

### Nelson 95

Nelson 95 [John O. Nelson (University of Colorado). “That a Worker's Labour Cannot Be a Commodity.” Philosophy, Vol. 70, No. 272 (Apr., 1995), pp. 157-165] AJ

#### Labor as commodity is bad

Nelson 95 [John O. Nelson (University of Colorado). “That a Worker's Labour Cannot Be a Commodity.” Philosophy, Vol. 70, No. 272 (Apr., 1995), pp. 157-165] AJ

There are, no doubt, a varietyof reasons, good and bad, why any- one might want to treat a worker's labour, and most people, con- sciously or unconsciously do, as a commodity. Commodities, very roughly speaking, are things that can be and are bought and sold. In a system of private capitalism, such as obtains in our own and surrounding societies, things in general get bought and sold. It is natural to carry over this general way of viewing and treating things to all particulars; thus, to a worker's labour. In addition, even our most particular modes of speech paint the same picture of labour. We speak of paying a labourer for so many hours of work; an auto mechanic, for instance, for five hours' labour at eighteen dollars per hour, or ninety dollars in all. It is then by only an easy transition that we view the worker's labour as a commodity. Treating a worker's labour as a commodity ties in, also, with the private capitalist's computational needs, as well as the economic theorist's purposes. It allows, for example, the worker's labour to be treated as simply another purchased good which goes into the over-all cost of a capitalist's product (say he is a manufacturer). The capitalist is thus enabled to compute his net profitor loss in the sale of his product or products. For his part, the economic theorist seems able, with a worker's labour being reduced to a commodity, to quantify his data and set up equations between dif- ferentsets of his data: all things that a theoristwith empirical pre- tensions has to be interestedin. For all these and no doubt other reasons,' good or bad, it may seem incumbent upon us, as I have already indicated, to treat labour as a commodity. Very arguably, however, this is a mistake, a mistake fraught with extremely undesirable and damaging consequences, especially for private capitalism. It can be persuasively argued, for instance, that the conception of the worker's labour as a commodity confirms Marx's stigmatization of the wage system of private capitalism as 'wage-slavery;' that is, as an instrument of the capitalist's for reducing the work- er's condition to that of a slave, if not below it. To be sure, in the hands of Marx, the demonstration in question rests in part on his depicting the capitalist as a competition-driven seeker of profits,who to that end reduces the wages of his workers to a bare subsistence level, leaving them no better off,if not worse off,than actual slaves.2 We need not, however, include this moot premise in a demonstration that the present conception of labour reduces the worker to a slave. We can persuasively argue that just the notion of labour's being a commodity entails that conclusion. To commence with, our argument would be the following: A worker's labour is no more something separate and apart from him than is his sweat. Consider, then, the implications of his labour's being a commodity which may be bought or sold. Since it is not something apart and separate from the worker but is a com- modity, how can we buy it without at the same time buying the worker himself? For instance, say that his flesh were a legitimate commodity. If we bought all a worker's flesh would we not in effecthave bought the worker himself?Where, outside of his flesh, could he be? Surely, he too is swallowed up in our purchase of his flesh! But if the worker can be bought as a commodity then he has been reduced to being no more than a slave. A seemingly obvious answer might be that we had not, in buy- ing the worker s labour, bought his immortal soul, and that it is as an immortal soul the worker not only exists, but, quintessentially, exists. There is, no doubt, something right in this answer, for even if not a soul or Cartesian mind, a person is clearly something more than his mere body and whatever energy may be stored in it. A person's consciousness, for one thing, would seem to be theoreti- cally irreducible to atoms and their energies, while his body theo- retically is reducible to them. But in practical reality this answer takes us nowhere. Subtract all a worker s flesh and body, just what remains over to be a separate something,-call it, for the present, soul? We cannot honestly imagine what that might be. Besides, we are talking in practical terms about slavery and slaves. If, in buy- ing a worker's labour (its being a legitimate commodity), we could not buy the worker himself, because we had not bought, say, his immortal soul, then the existence of slavery and slaves would be a practical impossibility: which, of course, in even the conception of those most bitterly opposed to the institution, it is not.

#### Frontlines

Now if, as seems to be the case, witness the above demonstra- tion, the conception of a worker's labour as a commodity by itself confirms Marx's view that the capitalist wage-system is 'wage slavery,' and if, as seems to be the case, the conception of the worker's labour as a commodity is intrinsic to capitalism, then, obviously, we seem to be committed-at least if we are defenders of capitalism-to a denial either of the proposition that the work- er's labour is a commodity or the soundness of the above demon- stration. We should have to argue, in the last connection, that treating the worker's labour as a commodity does not necessarily entail our supposing that he is thereby converted into a slave.

First, let us see if we can convincingly so argue. For this pur- pose we can do no better than to cite the argument to this effect

that the libertarian economist, Murray Rothbard, a notable defender of capitalism, advances in his two-volume work, Man, Economy,and State3.

Rothbard first cites the case in which, if labour were a commod- ity,4the worker would be enslaved. That case would be the case where it was permitted that the worker's pay or wages purchase, not just units of his service, but the worker (or labour factor) himself. Writes Rothbard: 'A wage is the term describing the payment for the unit services of a labour factor. A wage is

, therefore, a special case of rent: it is labour's 'hire'. On a free market this rent cannot,

of course, be capitalized, since the whole labour factor-the man-cannot be bought and sold for a price . . . This is precisely what

occurs, however, under a regime of slavery.'

As far as it goes, this reasoning of Rothbard's may indeed seem

to show one way in which, though taking the worker's labour to be

a commodity, we can see to it that capitalism's wage system does not conclude in 'wage slavery;' we allow the purchase of units of service or units of labour but not the purchase of the worker him- self.

The trouble is: in this prohibition against purchasing the labour factor himself although legitimately purchasing his labour we have put in obeyance our commitment to treating labour as a commodi- ty. This hiatus in argumentation allows us to institute the prohibi-

tion in question. For if we do treat the worker's labour as a legiti-

mate commodity, what is to prevent us from purchasing all of his labour? Where, as in Marx and presumably the early 19th century, one hired a worker for as long as he could work-say, by the day- and as hard as he could work, we have purchased all the labour resident in him. That means that whatever the worker can do or

not do, constituting as it must labour of some sort, already belongs to us. We own it. We can legitimately, therefore, dictate whatever

the worker can or cannot do, his actions, as expressions of labour, already being in our possession. But then is not the worker in effect our slave? What else?

Might it not, though, be retorted on us by Rothbard that nowadays the worker is not hired for all the labour resident in him-as long and hard as be can work-but for forty hours a week (say), with the understanding, enforced by labour unions and govern- ment, that we cannot demand that he work as hard as he possibly can. Thus we shall not in hiring him have purchased all his poten- tial labour. Some of his potential labour or energy will still belong to him. Even by the tenets of capitalism will, then, all his actions belong to us? And if not, there will be things he can legitimately do or not do that leave him a freeman and not a slave. So the com- modity view of labour does not have the untenable consequences for private capitalism that would appear to entail a denial of the proposition that labour is a commodity.

Is it not arguable, however, that though we may no longer legit- imately purchase all the labour resident in a worker, in paying him the wages we do with the understanding we have of what is entailed-that he need not completely exhaust himself but that he toils with good effect-we have in effect purchased at least 51% of the labour resident in him? That seems arguable at least. But does not ownership of 51% of a thing put control of it into one's own hands and no one else's? That seems generally agreed to. But then does not the wage we pay the worker, though buying no more than 51% of his potential labour, leave even today s capitalist the mas-

ter, as it were, of the worker, and hence, the latter, in effect,a slave?

But I do not want to claim too much forthe present arguments.

They have too much the brittleness of casuistry. I am sure they

can only entangle us in interminable logic-chopping.

Besides, they refute,only in a conditional way, the description of a worker s labour as a commodity. They tell us only that if we

want to defend private capitalism against the charge of imposing slavery on the worker we must discontinue treating labour as a

commodity. It may be, though, that we have no interestin defend-

ing private capitalism or even, like Marx, that we would be happy if it could be shown that in its treatmentof labour as a commodity it did effectthe literal enslavement of the worker.

#### bleh

If we can show that, irrespective of conditions, something holds

or is the case, then certainlywe shall want to flyto that demonstra-

tion with all the alacrity of legend's fox-hole atheist flying to

prayer. To end our present shadow-boxing, let me demonstrate, then, that labour cannot possibly be a commodity. What it is

essentially precludes its being that.

A commodity, say a bushel of wheat, has not only the property

of being something that can be bought and sold, be owned or not owned (in some significant,market-place sense) but that remains the same thingw hen simply changing hands. We could hardly put something on the market as a commodity, for instance, which was one thing before changing hands or ownership and another com- pletely different thing after changing hands: before changing hands, say, a bushel of wheat, but after changing hands, and just because changing hands, a bushel of tares. That would be fraud. But even if there were a commodity market for bushels of wheat that became bushels of tares, there could not be a market for some- thing whose changing hands was itself conceptual nonsense. But precisely that is the case with respect to labour if we attempt to

treatitas a commodity.

Here is the worker's labour, say. Let us abbreviate for brevity's

sake his labour as his (the worker's) sweat. There is his sweat.

Being by hypothesis a legitimate commodity, his labour is pur- chased (say) by me, a private capitalist. It thus changes, owner- ship-wise, hands. But is the labourer's sweat now my sweat, as,

remaining the same thing qua commodity, it would have to be? It is not even thinkable how it should be. Thus, ab initio, without benefit of conditions or attitudes on our part, labour cannot be a commodity and we can see why it cannot be.

Something that remains the same thing when changing hands has to be something substantial, in the strictsense of that term. A commodity, since it essentially has to remain the same thing when changing hands, is a something substantial. Obviously, labour is not, else it would remain the same thing when changing hands. Hence, to term labour a commodity amounts to what Ryle would have called a conceptual 'howler' about like calling the motion of one's hand a substance.

#### How it cannot be a commodity

It is perfectly clear how the two arguments purporting to show that the capitalist wage system eventuates in wage slavery rest upon the conceptual confusion of terming the worker's labour a

commodity. Having in doing so in effect conceptually converted labour into a substance, we are able to argue, on the one hand,

that, not being something separate or apart from the worker, in purchasing his labour we have purchased the worker, and on the

other, in purchasing all his potential labour, we have purchased all his actions and hence are his master, For viewing his labour as a commodity, we view it as something like his flesh, a substance. As the worker cannot be conceived as something substantially differ- ent from his flesh so it now seems he cannot be viewed as some- thing substantially differentfrom his labour (like the poet, Yeats', 'the dancer is the dance'). Hence, in buying his labour we buy him (the worker).

Or again, being now conceived as something substantial and

remaining what it is through time (for instance, a changing of hands), the worker's labour becomes something that we can pos-

sess, en masse (as it were), over time, present and future. Hence, in buying the worker's labour and his labour being composed of his

actions, we buy the worker's actions, present and future,and so, being his master in what he can or cannot do, we in effectpossess him as one might a slave.

But now let us reject the characterization of the worker's labour

as being a commodity and thus its 'substantivization': the main-

spring of both the above arguments being removed, they them- selves visibly lose whatever force they seemed to have had. To be

sure, since philosophy, for reasons of its own, is inherently the attempt to translate into basic language or the language of objects all non-basic languages, when philosophizing we may not only succumb to the temptation to call a worker's labour a commodity

(thus objectifyingor substantivizing it) but remain philosophically

happy only in doing so. Seeing, however, the conceptual and moral havoc wrought by that reification,we may and herewith do

renounce our philosophical happiness.

But here a 'How can we?' confrontsus, that as yet has not been

addressed.

We noted at the commencement of this paper how conceiving

labour as a commodity permits both the private capitalist and the economic theoristto performvarious necessary computations. For instance, the manufacturing capitalist seems thereby enabled to compute the costs going into his product; the economic theorist,to quantify his sets of data and make mathematical-like descriptions of the economy and mathematical-like predictions concerning it. We cannot, it might seem, get along without these computations. But (we may want to ask) how can we continue to carrythem out if we no longer characterize the worker's labour as a commodity? What is leftus as the gristof our computations?

The answer, as I see it, has to be this. When we no longer sub- stantivize the worker's labour, we have left, as substance, simply the worker. Substance being the ground of power and hence cause and effect,it follows that the worker, not his labour or some other mode or attributeof him, must now be the matrix of our computa- tions, as indeed in actual fact, being primary substance, he is that matrix and makes known that he is, for it is the worker, as a per- son, and not his labour reified, who proposes and enters into the commitments and contracts that actually determine costs, who strikesor refusesto strike,and so on. And to broaden, momentari- ly, our field of vision, the same holds true of the economy taken as a whole. It is the employer, as a person, not his bank-book, the investor and not his savings, however reified,the buyer and not his needs however reified, whose satisfactions and dissatisfactions move the economy now this way and now that.

To answer, then, the question of a computational 'how?', it is on the basis of the worker's commitments and those of the employer,

and those of investors, buyers, and so on, that economic computa- tions and predictions of a sort can be made. These may lack the

seeming finalityand Platonic objectivity of computations and pre- dictions based on such bloodless entities as reified costs of labour, GNP's, and so on. Our matrix now being human beings and not bloodless abstractions, our data are no longer fixed but in constant change and interplay,just as are the satisfactions and dissatisfac-

tions of persons. Thus, what computations and predictions we may now make must seem to be and will be prettyimpressionistic and uncertain. But is not this outcome a more accurate representa- tion of economic reality than the mathematical-like computations and predictions of traditional economic theory, where labour is treated as a commodity, and following in the train of that gross but attractiveerror,theretakesplace thereificationofeconomic fac- tors in general? As opposed to the traditional mathematical-like computations and predictions of economists, economic reality itself has had and continues to have the appearance of a poet s unpredictable romanticizings or a drunkard's staggerings, not a Galilean rolling of round balls down a smooth incline. Thus,the investments recommended by even the most learned and presum- ably honest Wall Street brokers have notoriously, more often than not, been no more on the mark than random shots in the dark. And surely the stock market is the most visible and seemingly rational

part of the economy!

This is not to say, however, that our change in venue of the

worker's labour and of other economic factorshas landed us, com- putationally, in a blank nowhere. If we have been right in our deconstruction of the worker's labour as a commodity there still remains a data-base on which to operate. This may not be the old data-base. But this new base may prove more 'scientific' than the old one consisting of mis-placed reifications of such purely eco- nomic factorsas the worker's labour, etc. If our base of computations is now the worker himself and not some of his attributes or modes-say, his labour-and if this change ofvenue is everywhereapplied thenour matrixofeconom- ic computations and predictions is persons. Thus, to the analysis of an economic 'what is the case and what is not' and 'what will be or will not be the case' we shall want to call to our aid such sci- ences, insofar as they may be sciences, as psychology and sociolo- gy, rather than some pretended science dealing with the bloodless reificationsofeconomic terms,e.g., 'labour, supply, demand,' etc.

In case this conclusion of our 'deconstruction of the worker's labour' sound utopian, placing as it does personsin the forefrontof our economic computations, it might be noted that in actual prac- tice businesses-the more successful ones, anyway-now and always have been aware of workers as persons; thus, have attempt- ed to come to commitments and contracts agreeable both to them- selves and their workers (a concern with persons) and to hire workers not simply according to pure economic factors, like 'cheapest wage,' but estimates of character, interest in the work at hand, temperament, and so on; that is to say, workers as persons. Thus the conclusion of our deconstruction which replaces the worker's labour as primary substance with the worker himself as primary substance (as he is) and so makes the worker and the other

persons economically related to him the matrix of our business

computations and predictions and not neat economic factorsis, far

from being Utopian, plainest every-day practice and common sense.

It may, I grant,seem less common practice to introduce into our

economic computations and predictions the sciences, such as they

are, of psychology and sociology. Indeed, except in very impres- sionistic and informalways, this may not be a common practice at

all; and especially not on the part of traditional economic theorists. In view, though, of the very poor results, as previously mentioned,

devolving from the attempt to base those predictions and compu- tations on pure economic factors,abstracted fromhuman beings as such and reified,it might not be amiss to see if the introduction of these humanistic sciences and whatever findings they may come up with might not eventuate in greater success than has so far been met with by economics as a science.

Universityof Colorado

### Robinson 96

Labour as Commodity

Guy Robinson

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### More

#### Wages are not like normal market structures

With standard commodities, like apples and electricity generators, things are simple: If a commodity is not scarce, it can have no value; its price must be zero. If its price is not zero, it must be scarce and, therefore, in equilibrium there can be no unsold units of that commodity. Prices adjust to a level that: (a) eliminates excess supply, and (b) reflects relative scarcity or value. Assum- ing that labour is a standard commodity, workers wishing to find work at the prevailing wage (or slightly below it) should be able to do so. As for the wage, it reflects the relative scarcity of labour resources. If this is not what we observe, then ‘something’ alien to market forces must have interfered, producing invol- untary unemployment as one of many deleterious effects. The solution cannot be to interfere even more; to add crime to crime in a misguided bid to restore

‘innocence’ and the ‘natural order’ of things. The only remedy must, surely, be to remove that exogenous ‘something’: the extra-economic interferences and their resulting inflexibilities.

The key to the truth of the above lies with the two italicised words: com- modity and equilibrium. The objections to this powerful argument turn on them. Objection 1 is the oldest and can be traced to the writings of the clas- sical political economists who thought that, despite its many commodity-like features, labour differs substantially from standard commodities and, hence, labour markets do not function like those for apples and electricity generators. Objection 2 is more general and questions whether a drop in the price of any commodity (produced and purveyed in a multi-commodity capitalist economy) can guarantee that demand for it will eventually match the produced supply as long as ‘the (new) price is right’.

### Shields and Grant

Shields and Grant 10 [John Shields and David Grant (Faculty of Economics and Business, University of Sydney). “Psychologising the Subject: HRM, Commodification, and the Objectification of Labour.” The Economic and Labour Relations Review Vol. 20 No. 2, pp. 61–76. 2010] AJ

#### Objectification is end goal

As a starting point, we wish to offer some a priori answers to what we believe are five questions that are of central interest to the theme of this special issue of Economic and Labour Relations Review:

1. Is labour a commodity? The assumption that human labour is (or should be) a marketised and freely traded ‘factor of production’ with the capital- ist mode is one of the key precepts of classical and neo-classical labour economics. However, like much that passes for reality in this realm of aca- demic knowledge, the textbook model fails to match the lived reality.

2. Does capital want labour fully commodified? Yes, this has been the aspira- tion of employers, management practitioners and theorists since the time of the first Industrial Revolution.

3. Is commodification all that capital wants or needs? No, definitely not. Even a passing familiarity with the history of chattel slavery would demonstrate (e.g. Genovese 1976) that to assume that commodification is a sufficient condition for optimising labour value appropriation, reflects a naïvety about the world of work and the human dynamics of the workplace that cannot be allowed to stand.

4. What else do employers really want? They want human labour fully objec- tified — psychologically as well as physically. Through a process of system- atic objectification, they want to have total control over workers’ hearts and heads as well as their bodies. The underlying dynamic of the capitalist labour process is not market commodification per se; rather, it is labour objectification.

5. Is objectification really attainable? No, not under any mode where embod- ied, thinking and emotional labour is still necessary. Workers have their own individual and collective expectations and agendas, and these are most unlikely to be fully congruent with those of management or the em- ploying organisation. This has not stopped management engaging in an ongoing search for congruence, and has meant that capital’s objectification project has become more sophisticated over time.

In essence then, we argue that for employers, the primary agenda is not one of commodification but of objectification. Labour commodification is undoubtedly essential for the viability of market capitalism. Indeed, it may take on added significance at particular moments such as periods of skills shortage, but it is not enough. However, the most proximal, intimate and (potentially) insidious facet of labour utilisation, we suggest, is management’s desire to transform fellow human beings into value-conferring objects at workplace scale. Commodification gives us labour as an individualised ‘exchange’ object (‘labour power’) external to the organisation. Yet, as both structuralist labour process theorists (Legge 1995b; Thompson and McHugh 2002; Watson 2004) and post-structuralist criti- cal management studies writers (Townley 1994; Willmott 1994; Grant et al 2004) contend, it is what goes on within the workplace that really matters: namely, the process of attempted objectification. What lies behind the managerial ideal of human labour as an individualised ‘resource’ object is the employer’s drive to control employee heads and hearts, skill and effort.

As both the classical and radical schools of economic thought acknowledge, labour is a commodity like no other: it thinks, feels and (re)acts. People who happen to be categorised as ‘employees’ are, first and foremost, social subjects.

The fundamental (and ongoing) management dilemma thus has to do with how best to objectify the subject at the point of production.

By way of example: at law, chattel slaves were certainly tradable human com- modities; but as the US social historian Eugene Genovese (1976) has documented so movingly, both the slave-owners and the slaves knew only too well that the real struggle in the Deep South was not over who won the slave auction but over who dominated effort and identity within the workplace. Let us not forget that slaves resisted, too. They practiced collective work effort restriction (or ‘system-

atic soldiering’ as it was later termed); and they knew how to both subvert and accommodate owner coercion and white racist culture. Our argument is that, in these respects at least, the distinction between the slave mode and the so-called

‘free labour’ is more one of degree than kind.

It is important here not to confuse management intent with workplace real-

ity — what we are dealing with are two forms of managerial fiction: ‘commodity fictions’ (Polanyi 1944), and ‘objectification fictions.’ Labour objectification is an employer aspiration, not an accomplished reality. Equally, it is important to acknowledge that management’s objectivisation agenda is simultaneously elusive, relational and discursive in nature. It is an ongoing project in which discourse—that is, talk and text intended to achieve a particular social pur- pose — plays a central role. A highly pertinent observation in this regard comes from two critical management studies writers — Matts Alvesson and Stan Deetz (1999: f.p. 1996). In discussing objectification, they remark:

A ‘worker’ is an object (as well as a subject) in the world, but neither God nor nature make a ‘worker’. Two things are required for a ‘worker’ to exist: a language and set of practices which makes possible unities and divisions among people, and something to which such unities and divisions can be applied. The questions ‘What is a worker really?, ‘What is the essence of a worker?’, ‘What makes one a worker?’ are not answer- able by looking at the something that can be described as a worker, but are products of the linguistic and non-linguistic practices that make this something into an object. In this sense, a worker is not an isolated thing. To have a worker already implies a division of labor, the presence of management (‘nonworkers’). The ‘essence’ of a worker is not the properties the ‘object’ contains but sets of relational systems including the division of labor. The focus on the object and object properties is the mistake; the attention should be on the relational systems which are not simply in the world but are a human understanding of the world, are discursive or textual. (Alvesson and Deetz 1999: 201)

Accordingly, it is appropriate to see the employee-object as a work-in- progress—both socially and discursively—rather than as an accomplished fact. However, for all of its insight, the perspective offered by Alvesson and Deetz is open to challenge in one vital respect. While it may be ‘wrong’ for researchers to conceptualise employees as a resource objects, this is precisely how employers/managers prefer to perceive them. The wider point here is that labour is simultaneously resource object and social subject; both structured and structuring; both embodied and discursive. Acknowledging the indeterminacy of labour helps us understand why two hundred-plus years of managerial aspi- ration about labour objectification remains unfulfilled — and why it may never be fully accomplished. We argue, though, that the objectification project is so central to managers’ own social being that, without it, their own role and identity would become meaningless. Our argument, in essence, is that management’s pursuit of the objectification agenda continues unabated — precisely because it has to. As we hope to demonstrate, it has also taken a particular turn in recent decades, especially under the rubric of ‘human resource management’.

#### Two main propositions

Building on our opening remarks, there are two main propositions that we wish to advance and discuss:

• Proposition 1: The constant in the employment relationship is not so much labour commodification but the pursuit of labour objectification. As nu- merous critical management studies writers (Townley 1994; Janssens and Steyaert 1999; Watson 2004; Legge 2005a) have observed, the very nomen- clature of ‘human resource management’ betrays its objectification agenda. Indeed, as Keegan and Boselie (2006) imply, those of us who research and teach in this area are no less complicit in this project than anyone else who draws a livelihood from disseminating the discourse of ‘HRM’.

• Proposition 2: The history of recent labour management thought and prac- tice is best understood as an ever-more sophisticated attempt to psych- ologise the employee subject into a resource object. This flows from the perhaps belated recognition by management theorists that the employee is not simply a ‘hand’; s/he also has a head and a heart. Accordingly, the lat- est turn in management’s objectification project has been to seek to render human attitudes and emotions — the basis of the worker’s status as a social and organisational subject — classifiable, measurable and, hence, more ma- nipulable. This is certainly true of the seemingly employee-centred labour management concepts and practices of the past 20 years that have been labeled, variously, as ‘soft’ HRM, ‘high commitment’ management or ‘high involvement’ management.

#### Human resources management

As a distinct body of management thought, ‘Human Resource Management’ (HRM) emerged in the United States in the early 1980s as a response to the perceived inadequacies of existing labour management practices, particularly the top-down bureaucratic practices characteristic of the ‘personnel management’ practices of the 1960s and 1970s. As with its Human Relations and Neo-Human Relations antecedents (Rose 1978; Gillespie 1991; Wren 1994), HRM discourse is essentially the work of American and British academic writers, although its dissemination also owes much to the presence of a relatively new set of discur- sive agents, namely management consultants and popular management writers (Huczynski 1993).

‘Soft’ HRM

While the concept of HRM involves some broad and commonly applied ele- ments — perhaps most importantly the proposition that ‘human resources’ are the critical ingredients for organisational effectiveness — there are also a host of variants. The discursive concept of HRM might be best thought of as a terrain comprising a number of competing and co-existing ideas and perspectives, of which the ‘hard’-‘soft’ dichotomy is perhaps the most commonly used and un- derstood. In the ‘soft’ or ‘developmental humanist’ conception of HRM (Legge 1995a: 35, 1995b: 66–67) employees are presented as valued resources, or even as resourceful humans, warranting significant ‘development’ and ‘involvement’. In the ‘hard’ conception, the employee is presented as a strategic resource object ‘to be used dispassionately and in a formally rational manner’ (Storey 1992: 26). Contributors to the ‘hard’ version, including writers from the ‘Michigan School’ (e.g. Fombrun, Tichy and Devanna 1984; Schuler and Jackson 1987), tend to conceptualise the employee subject in narrow instrumental terms, especially in terms of material need satisfaction and extrinsic motivation. This is in contrast to those associated with the ‘soft’ or ‘Harvard School’, who regard the classification, measurement and management of employee cognitive ability, value-orientation, perception and emotion as the pivotal tasks in the HRM project. It is only the

‘soft’ version that accentuates desired attitudes such as value-alignment, affective commitment, mutual trust, intrinsic motivation, felt-fairness and global satisfac- tion. Yet, there is also an undercurrent of historical continuity here, for while it is true that the ‘soft’ HRM model psychologises the subject in more sophisticated terms, in essence, the goal is still to objectify the subject so as to more effectively manage that subjectivity as the means to achieving a high performance end.

In this section, by way of illustration, we focus on four facets of psychologi- cal objectification within ‘soft’ HRM: firstly, the measurement and management employee ‘engagement’; secondly, the application to practice of the concept of the employee ‘psychological contract’; thirdly, and relatedly, the application of

‘organisational justice’ concepts; and fourthly, the use of applied psychology in the form of the psychometric profiling of ‘personality traits’. The central proposi- tion here is that while the application of these discursive concepts does entail a widening of the degree of recognition accorded to the employee as a discursive subject, the underlying intent remains one of objectification for the purpose of more effective labour utilisation.

Employee ‘Engagement’

In recent years, the concept of ‘engagement’ has emerged in HR practitioner discourse as the key signifier of the optimal employee state of mind. An ‘engaged’ employee is one who is ‘committed’, ‘motivated’ and ‘satisfied’; having an ‘engaged’ workforce has become a hallmark of ‘employer of choice’ status; and monitoring and improving engagement levels has become a core concern of the HR profes- sion, with traditional employee surveys assuming new significance and meaning as barometers of engagement (Macey and Schneider 2008).

The facet most central to the engagement construct is that of ‘commitment’. As Guest (1987), Legge (1995a, 1995b: 174–175) and others have observed, ‘commitment’ is one of the defining norms of ‘soft’ HRM, and it was the Har- vard School’s Richard Walton who first asserted its centrality to effective HRM. Building on McGregor’s Theory X/Theory Y model, Walton (1985: 77), posited

a moral dualism between ‘control’ and ‘commitment’:

...workers respond best—and most creatively—not when they are tightly controlled by management, placed in narrowly defined jobs, and treated like an unwelcome necessity, but, instead, when they are given broader responsibilities, encouraged to contribute, and helped to take satisfaction in their work.

Advocates of the commitment model contend that the purpose of HRM prac- tice should be to ‘shape desired employee behaviour and attitudes by forging psychological links between organisational and employee goals’ (Arthur 1994: 672). In essence, this logic constitutes the core of all ‘high performance’ and ‘high involvement’ models of HRM (Beer et al 1985; Walton 1985; Lincoln and Kalleberg 1990; Lawler 1992; Pfeffer 1994, 1998; Huselid 1995; Meyer and Allen 1997). Involving and engaging employees in their work stands to elicit stronger task motivation and a greater degree of discretionary effort or ‘organisational citizenship behaviour’ (e.g. Moorman et al 1993; Motowidlo 2000; Podsakoff et al 2000).

However, in the commitment literature the worker remains a ‘resource’ object, albeit of a selectively developed and empowered kind, while the identity-select- ing/shaping intent remains equally clear. This is highlighted by Lawler’s remark- ably candid assertions (1992: 107) regarding the type of employee ideally-suited to a high involvement approach. It is an approach, he suggests, which requires:

... individuals who value internal rewards and the kinds of satisfaction that comes from doing challenging work well. Not all people in the work force have these characteristics, and even those who do may not look to the workplace for their intrinsic satisfactions and sense of accomplish- ment. ... Those individuals who do not look to their work for this kind of satisfaction simply cannot be tolerated in an organization that designs work to involve employees. They are in a very real sense uncontrollable because they do not respond to the rewards that are counted on to create a motivating work situation for most individuals.

Here, the discourse reveals a sharp moral dualism: between the fully-committed, intrinsically-motivated organisational citizen, and the instrumentally-motivated time-server. Such a position also leads inexorably to the systematic use of per- sonality assessment and the application of deep ‘competencies’ criteria to staff selection, development, and reward practices. These are but the most recent instances of the longstanding managerialist impetus to measure, classify, es- sentialise and psychologise the worker-subject.

#### Link card

In capitalist modes, commodification and objectification are parallel social processes. Commodification is a defining characteristic of the market capitalist mode, but it is best understood as a necessary rather than sufficient condition for optimal control over ‘human resources’. From the employer perspective, the immediate need is to transform human beings into value-conferring objects at workplace scale. Commodification gives us labour as an individualised ‘exchange’ object (‘labour power’) external to the organisation, and the marketisation of human labour is a vital element of capitalist production. Yet it is what goes on within the workplace that matters most. What lies behind the managerial ideal of human labour as an individualised ‘resource’ object is the drive to control employee productive knowledge, skill, attitudes, emotion and effort at the point of production.

Like the ideal of commodification and free labour market exchange, the objectification ideal is a perpetual aspiration that management is predestined to pursue in order to legitimate its own social and organisational being. Man- agement’s pursuit of the objectification agenda continues unabated — precisely because it has to. As with labour commodification, labour objectification remains a work-in-progress at all scales: globally, locally and organisationally.

We have shown that the objectification imperative has taken a particular turn in recent decades, especially under the rubric of ‘human resource management’. The history of recent labour management thought and practice is best understood

as an ever-more sophisticated attempt to psychologise the employee subject into a resource object. The latest turn in management’s objectification project has been to seek to render human cognition and affects — the basis of the worker’s status as a social and organisational subject — classifiable, measurable and, hence, more manipulable. This is certainly true of the seemingly employee-centred labour management concepts and practices of the past twenty years.

What is particularly noticeable is that it is precisely those iterations of ‘soft’ HRM which appear to be most academically detached and cognisant of workers as organisational subjects. HRM-related concepts of employee ‘engagement’, the employee ‘psychological contract’, and ‘organisational justice’, as well as con- structs and practices from the realm of applied psychology and psychometrics, seek to objectify the worker subject in the most intimate of ways. The classifica- tion and measurement of employee ‘traits’, values, attitudes and emotions — or the psychologising of the employee-subject — is not an end in itself but merely the latest and most systematic means to management securing control of labour. In short, while the worker is cast as a thinking, feeling, wellness-seeking organi- sational agent, the ultimate aim for management, as agents of capitalism, remains that of ‘human resource’ objectification.

### Bryan

Bryan 10 [Dick Bryan (Professor of Political Economy, University of Sydney). “The Duality of Labour and the Financial Crisis.” The Economic and Labour Relations Review Vol. 20 No. 2, pp. 49–60. 2010] AJ

#### Surplus profits come from labor

Bryan 10 [Dick Bryan (Professor of Political Economy, University of Sydney). “The Duality of Labour and the Financial Crisis.” The Economic and Labour Relations Review Vol. 20 No. 2, pp. 49–60. 2010] AJ

The origin of profits was a central question for Marx, and at its source was labour. Engels (1877) contended that Marx’s greatest insight in the labour theory of value was in explaining the source of surplus production, and hence the social foundations of ‘profit’. The notion that society usually produced surplus output (that is, more than is needed to sustain current production and consumption) was an established economic insight in the classical tradition of economics, and it was empirically clear that the economy did, under usual circumstances, produce surplus output. Moreover, within this surplus lay the basis of profit. But what was the source of the surplus (and hence profit) in a society based on the principle of exchange of equivalent values? Marx provided an emphatic answer to this question and, no matter what one makes of the Marxian economic project today, it has to be conceded that it was a profound and lasting insight. Marx argued that the surplus comes from labour. But it is not a surplus extracted by force or indenture (an unequal exchange) as was the case under feudalism, nor need it be judged as immoral, at least on its own terms. Indeed, Marx emphasised that, with the transition to capitalism, labour acquired a ‘dual freedom’: freedom from physical compulsion to labour (it becomes a choice), and freedom from a direct attachment to capital (as in the peasant’s attachment to the land) (1867: 272–273). For Marx, the explanation of the appropriation of a surplus under conditions of free (un-indentured) labour pivoted on the contention that labour is both a commodity and not a commodity at the same time. Marx explained this commodity/non-commodity attribute of labour via a distinction between the value of labour power and the value created by labour. The distinction requires explanation. The former, he argued, is a commodity that, like all commodities, is valued according to its own costs of production. In a world of prices, we would look to an explanation of the wage, and, if idealistic neo-classicals, to the marginal productivity of labour. Marx also emphasised individual productivity, but not before he had highlighted what it is that all workers have in common, and which makes them a class. It is that they must reproduce themselves, both short-term (food, housing, etc.) and inter-generationally (food, housing, etc. for dependents). This bundle of commodities is, in effect, sufficient to keep the worker return- ing to the factory day after day, year after year and generation after generation. Framed this way, the cost of reproducing the worker is understood in the same way as the cost of production of all commodities. Moreover, to emphasise the moral neutrality, this is a free and voluntary exchange, as is, in principle, all exchange within capitalism. It could be said that Marx over-states the argument that the costs of produc- tion of the worker (the value of labour power) is determined in the same way as is the cost of production of other commodities. Marx’s proposition does not provide a formal explanation for the actual level of consumption of food and housing at any particular point in time and space, although it will well be ap- preciated that these geographical and historical difference are context-specific and socially negotiated. Nor does Marx’s proposition suggest an immediate or comprehensive explanation for systematic wage differences between workers (e.g. due to skill differences — the neo-classical marginal productivity focus). Further, it does not leave room for an understanding of unpaid resources that go into the reproduction of the worker and their dependents (especially ‘domestic’ labour): there is an extensive literature explaining that some of the resources that go into the reproduction of the worker are not purchased, but come from non-wage labour, especially in the household.1 These insights need not divert us here, for the debates are driven by different agendas than those under consideration. In contrast with the value of labour power, the commodity dimension of labour, there is the value created by labour. The latter, what labour does in production, is not directly a commodity — at least not in the same sense. Inside the factory, Marx contended, labour (the noun) is set to labour (the verb). There are two critical elements here that make labour different from other productive inputs. One is that labour is embedded in the worker — so the owner of the capacity to work is always there, in the production process. They cannot hire out their ‘asset’ without hiring out themselves. This will shortly become a critical factor in our analysis. Second, in the act of labouring, labour creates new value, and it creates in a way that machines do not. In both these senses, the employment process is innately social — not just a process of arms-length exchange. In the act of creation, labour makes products which, to cut a long analysis short, embody more value than the value of the inputs. In price terms, we would say that the price of output is greater than the combined price of the inputs (under ‘normal’ circumstances) because of ‘value added’. What is the source of ‘value added’? Not, says Marx, some nebulous ‘return to entrepreneurship’ or ‘reward for risk’ (the two popular conventional rationales of profit that look so inadequate in the current crisis), but the extra value created by labour in excess of its own costs of reproduction.

### Wainwright 12

#### Alt 1

Wainwright 12 [Hilary Wainwright (Critical and activist researcher, writer and editor. Researcher with the Transnational Institute (www.tni.org) and the Centre of Participation Studies, Peace Studies Dept. Bradford University). “From labour as commodity to labour as a common?” 23 October 2012] AJ

The growing movement of thought and the diverse initiatives around the idea of the commons provide one source of inspiration worth exploring (though not a ready-made framework to be applied in a simplistic way). The scope of commons thinking has widened tremendously in reaction to the incessant drive to commodify goods that had previously been held in common. These range from natural resources and services that historically have been taken out of the capitalist market and organised through public or civic organisations, such as health, education, science and, more generally, knowledge (libraries and archives, for example), to the newly-created digital commons, under constant threat of new enclosures. At first sight, labour, understood in terms of the application of the human capacity to create, would seem profoundly individual and therefore inimical to organisation as a commons. On further reflection, though, human creativity, with its individual and social dimensions inextricably intertwined, is a distinctive commons that is key to the possibility of a commons-based political economy. The writer and activist on the commons, Tomasso Fattori, traces the shared characteristics that make the framework of the commons useful for understanding the character of diverse phenomena, without artificially squeezing them into a category implying homogeneity. In an article reflecting on the wider significance of the successful struggle for the referendum vote in Italy on the future of water as a commons (‘a political and cultural revolution on the commons,’ as he describes it) Fattori says: ‘The commons are what is considered essential for life, understood not merely in the biological sense. They are the structures, which connect individuals to one another, tangible or intangible elements that we all have in common and which make us members of a society, not isolated entities in competition with each other. Elements that we maintain or reproduce together, according to rules established by the community: an area to be rescued from the decision-making of the post-democratic élite and which needs to be self-governed through forms of participative democracy.’ (Fattori 2011) In the light of these reflections, does it make sense, is it useful, to think of labour as a commons? These conditions for a commons could apply to human creativity on a basis that would not deny its irreducibly individual dimension. Rather, this individual dimension of what depends for its nature, realisation and wider social benefits on the way that society is organised, poses – as do all commons – specific problems of organisation and governance. Consider the human capacity to create, with Fattori’s definition in mind. It is a capacity that is shared by all humanity – indeed it is what makes us human; a capacity that is a powerful social force, a necessary condition of the life of many other commons; and which, though in one unique moment is individual-centered is also socially shaped. Dependent in good part on the nature of education, culture and distribution of wealth, it can be nurtured and developed or suppressed, undeveloped and wasted. It is socially realised (whether or not this distributed potential is achieved depends on the nature of the social relations of production, communication and distribution) and socially benefited from (who in society benefits from the creativity of others again depends on the economic, political and social relations). Perhaps we could draw on Marx’s contrast between the bee and the architect indirectly to reinforce the point about human creativity as a particular kind of commons. If we were like bees, then we and our product might be part of the natural commons – with beekeepers as the custodians, cultivators of the commons. But as the equivalent of architects, with the capacity to imagine and to create according to our imagination, we embody a different kind of commons: the commons of creativity. Of course human creativity is not new! But mass awareness – self-awareness and full social recognition – of creativity as a universal potential, is the result of cultural changes of material consequence. It has been accompanied by increasing conscious attention to the institutional implications of this recognition. I will touch on both of these in the next section of this chapter. I am thinking here especially of the steady, albeit uneven, rise over the past 40 years or so of an insistence, in practice, on cultural equality, in addition to the long tradition of demands for economic and political equality. Additionally, the widespread transcendence of a dichotomy between individual and collective and the emergence of both a social individualism and an associational understanding of collective organisation has helped to lay the basis of understanding creativity as a commons.

#### Interrelatedness – alt card 2

Again, this social individualism is not new. In many ways, it is a reconnection, from the circumstances of struggling in and against 21st-century capitalism, with the ethical tradition of Ubuntu. ‘You are a person because of other people,’ as a delegate to the Solidarity Economy Conference that led to this book put it. Or as Archbishop Tutu explains: ‘Ubuntu speaks particularly about the fact that you can’t exist as a human being in isolation. It speaks about our interconnectedness.’ By naming this creative capacity, this characteristic of all of humanity, as a commons, by highlighting its social as well as individual character and the associative, social conditions of its realisation, we also lay the basis for reclaiming the products of this capacity. These include those that in a certain sense have been appropriated by the state or by capital – such as ‘social capital’ and other forms of ‘free labour’ that are so vital to today’s informational capitalism. Another implication for our own organisations, political and economic, is the importance of building into them the nurturing and development of this commons. We need to do this in both a prefigurative sense and as an immediate means of strengthening their transformative capacity. To develop and apply the idea of labour/creativity as a commons, it is important to think of it as a collection of useful tools to be ingeniously deployed, rather than the comprehensive, ready-to-assemble solution that the idea of socialism was often treated as. Here are some of the kinds of tools it might provide. First, it opens up ways of seeing and understanding the wider potential of existing practices in the solidarity economy in achieving transformative gains in the broader social, public and private economy. An example here would be the importance of learning through and reflecting on practice; thinking of creativity as a commons leads to asking how we could envisage economic arrangements that build self-development, education and regeneration into daily life across what is now divided into work, consumption and personal life. Understanding labour and the potential of human creativity as a commons changes our view of employment. We can see this already in practice in parts of the solidarity economy where workers are never seen as ‘redundant’ and the aim is always redeployment and retraining. We also see how the scandalous waste of human creativity now evident in capitalist economies across the world has been a driving motive in the explosion of resistance from 2011 onwards, led often by the young unemployed. (Mason 2012) Human creativity as a commons also points to the importance of thinking at many different levels of economic and social relations and of inter-connecting them. So it leads to asking what institutional conditions for nurturing and realising creativity might mean at a micro level for how enterprises or urban spaces, for example, are organised; what it might mean at a macro level in terms of, for example, a means of livelihood beyond or autonomous from waged labour (what some have called ‘a basic wage’); and what it could mean at a mix of micro and macro levels – for example, in terms of legislative frameworks for the organisation of time. (Coote 2010) In this way seeing labour as a commons challenges tendencies towards enterprise or community egoism or atomism (a tendency in parts of the social economy as well as in capitalist enterprises) and emphasises the importance of solidarity and flows of mutuality between different elements of attempts at a solidarity and commons-based economy. More generally, it provides the basis for a strong antidote to the possessive individualism that has been so rampant in recent years, without counterposing a reified collectivism. (Macpherson 1964)

#### Institutional design

A further tool generated by the idea of human creativity as a commons is the means of institutional flexibility to negotiate and live permanently with the tensions between the collaborative dimension of creativity and the varying necessity for individual autonomy, introversion and self-reflexivity. This flexibility and ability to value the duality of human creativity and therefore social well-being is often missing not only from a statist understanding of socialism but from many conceptions of collectivity in the labour and co-operative movements.

The creative commons licence is a good illustration of how it is possible to recognise and value the dimension of individual creativity (and with it a certain sense of ownership) and at the same time protect both the individual and the wider community against the worst consequences of taking a creation out of the commons and into the commodity market. (Berlinguer in this volume)

A combination of these tools could help with institutional design in the solidarity economy, able to deal with a complex of factors. Here I can draw from my own experience of a solidarity economy media enterprise, Red Pepper magazine, an institution based on a multiplicity of interconnecting interests. Its organisational design has to recognise a diversity of sources of support, monetary and in kind, some from organisations, some from individuals, all of whom expect some accountability. It also has to recognise several sources of creativity, the importance of a collaborative editorial process and yet the dimension of individual decision-making at different levels of the project, and at the same time meet the need for a relatively coherent identity. The notion of creativity as a commons seems key to developing a sufficiently flexible, transparent and constantly negotiable form of governance to deal with this complex combination of interests and imperatives."

### Broek 10

From Terranova to

Terra Firma: A Critique of

the Role of Free Labour and the Digital Economy

Diane van den Broek

The Economic and Labour Relations Review Vol. 20 No. 2, pp. 123–134

* + - * Work and Organisational Studies, University of Sydney

## Pyscho

### Cards

#### Discourse focus is key - restriction of speech is a form of forced conformity that limits free association and a complete analysis

Parker 11 [Ian Parker is Professor of Psychology in the Department of Psychology at Manchester Metropolitan University. Lacanian Psychoanalysis. 2011, Routledge] AJ

What is most important is that the analysand is speaking, but not speaking directly to another person, attempting, as in everyday conver- sation, to conform to the cues their audience gives about what is relevant. Psychoanalysis as a 'talking cure' is concerned with what happens when we put things into words or find it difficult to do so, and the search for a visible reaction on the face, non-verbal cues or tell-tale changes in posture of another serves as a convenient distraction from speech as such. The ana- lysand's free association to whatever comes to mind, however irrelevant, ridiculous or unpleasant, will give to the apparent dialogue between analyst and analysand a rather strange quality, and all the more so because the analyst is not really engaging in the exchange. The analysand is producing a monologue which does appear, from time to time, to be directed to the analyst, and it is at these moments that there is the most earnest attempt to make sense; but the analyst does not say much in reply, indeed they do not often appear to be replying at all.

#### A key feature of psychoanalysis is absences in speech, whether intended or not – so-called links of omission are crucial for a complete analysis

Parker 11 [Ian Parker is Professor of Psychology in the Department of Psychology at Manchester Metropolitan University. Lacanian Psychoanalysis. 2011, Routledge] AJ

In this we have a first crucial feature of Lacanian psychoanalysis: there does not seem to be interpretation of the transference; there is absence rather than the presence of something. A general analytic point is that what we see and hear in the session is organised around absences of one kind or another, not things that are immediately evident. There are important consequences for how we are to understand 'evidence' in psychoanalysis, and Lacanian psychoanalysis is not suited to an 'evidence-based' evaluation of how it operates. Psychoanalysis revolves around absences in speech, and Lacanian psychoanalysis is theoretically attuned to the importance of the analyst refusing to fill in those absences with stuff that is meaningful to an observer.

#### The endless process of consumption attempts to negate the existence of commodities in order to affirm our own pleasure, or jouissance. This striving for something to ultimately satisfy is self-defeating since it constructs the ultimate “lack”

Olivier 13 [BERT OLIVIER, Nelson Mandela Metropolitan University, Port Elizabeth, South Africa. Psychoanalysis and Social Change. Psychotherapy and Politics International, 11(2), 114–126. (2013)] AJ

If psychoanalysis is a discipline which may be said to mark the alienation between the subject and extant society – its existence being predicated on the unconscious as the repository of prohibited, and consequently repressed wishes and intentions – it simultaneously signals the distance between the subject and power, the power which ultimately authorises prohibition via conventional morality, if not law. Such prohibition can assume many forms, from overt sexual prohibitions to an implicit, if not overt, proscription of communal bonds (Kovel, 2002) which would (supposedly) undermine individual material wealth and prosperity (albeit strictly in capitalist terms). It is worth quoting Kovel (2002) at length here, to illustrate what is at stake: what breaks up the life-world of tribal society is some encroachment on the land. With the [non-capitalist] productive foundation of society interrupted, a complex and disintegrative chain of events is set in motion. As the “old ways” no longer make sense, a kind of desire is set loose, and as this is now relatively shapeless and boundless, the virus of capital, with its promise of limitless wealth, is able to take hold. This is always accompanied by the mass-cultural invasion that encodes capital’s logos in the form of commodities. Once “Coca-Cola, the real thing” replaces traditional reality, the internal colonisation that perfects the takeover of peripheral societies is well under way. (p. 54) This paper is an attempt to draw out some of the implications of existing theorisations (such as Parker, 2011) of the possibility that psychoanalysis may provide the crucial sphere of provenance of the subject’s questioning of itself with regard to its inescapable personal alienation as well as its relation with dominant power, preparing the way for a reconfiguration of the latter relationship in the social sphere. Given the undeniable role of “desire” in capitalist consumer culture, a good place to start is to ask if there is a link between the concepts of desire and negation, as conceived by Hegel, on the one hand, and capitalism’s arguably unfulfilable promise of jouissance via commodity consumption, where jouissance is understood as extreme, unbearable enjoyment or pleasure – a “path towards death” (Lacan, 2007b, p. 18). According to Hegel’s scrupulous analysis of the dialectic of mind or (self-)consciousness (1807/1966) the dialectic of mind/spirit is set in motion by negation in conjunction with desire – desire for food, for sex, for power, and so on – more precisely where the movement of desire is marked by instances of negation. When I eat, the food is negated, “nihilated” or cancelled in its given form, and assimilated by the eater; when one craves power over others, the other (that is, the other’s power) is negated, thus constituting him/her a slave to the master. Similarly, when consumers desire certain commodities, a process of negation or “nihilation” is set in motion at various levels, as will be argued below. To be sure, one should not neglect to mention that, for Hegel (1807/1966), the dialectical unfolding of Spirit through negation includes the crucial moment of the “negation of the negation” (pp. 225–227), which, in turn, entails what he called “sublation” (Aufhebung) – the process in which what is negated is cancelled (Hegel 1835/2004, p.75), but also, simultaneously, preserved and elevated to a higher level of (spiritual) existence. One does not have to subscribe to the tenets of metaphysical idealism ultimately affirmed by Hegel, however, to perceive the accuracy of his analysis of desire and negation. In other words, one could – should, I would argue – dispense with the notion of “sublation” where capitalist consumption is concerned. As Zygmunt Bauman’s (2008) analysis of consumerist behaviour shows, far from “sublating” earlier stages of production or consumption of commodities, (negation in) consumption consists in an intermittent discarding of commodities in favour of “new” ones (which do not embody a sublation of previous attributes, as may be seen in the example of the arbitrary replacement of one range of cosmetics by another). In a (materialist) poststructuralist context, too, one could agree that desire is the machine, the motor, driving the process of social, economic and political becoming, punctuated, as Deleuze and Guattari (1983) have shown, by intermittent stages of “identification”, when “bodies-without-organs” are hypostatised as (themselves unproductive) figures of authority – the self, the state, the church, capital – which function as impossible guarantors of jouissance. It is in this capacity that capital operates in the endlessly interconnected universe of desiring-production, and the production of sites for desire, implicitly capable of functioning as motivators of desire on the part of the “subjects” of capital – intermittently constituted as such in the act of desiring commodities, such as “the real thing”, Coca-Cola (a phenomenal metonymy of the Lacanian “real” of capital; see Žižek, 2000, 2009), or the ultimate smartphone, iPad, tablet, automobile, and so on. These comprise an endless progression or concatenation of different (but metonymically related) objects, the negation of which, through consumption, supposedly generates jouissance, but arguably generates, as Kovel (2002) put it, “a sense of dissatisfaction or lack – so that it can truly be said that happiness is forbidden under capitalism, being replaced by sensation and craving” (p. 52). Confirming this, Hardt and Negri (2001) pointed out that the world market flourishes on difference (supposedly the defining characteristic of the postmodern subject), while its obverse is articulated by Deleuze and Guattari (1983) in terms of the subject as concatenation of desiring-machines, attaching itself intermittently to capital as the “body-without-organs”.

#### The alternative is to recognize that power and capitalist myths are an illusion through the mediation of desire – by using signifiers to indicate the impossibility of jouissance, we can begin to realize it

Olivier 13 [BERT OLIVIER, Nelson Mandela Metropolitan University, Port Elizabeth, South Africa. Psychoanalysis and Social Change. Psychotherapy and Politics International, 11(2), 114–126. (2013)] AJ

Parker (2011), a practising Lacanian psychoanalyst and theorist, is in the best possible position to know the potential “therapeutic value” of analysis for subjects who are willing to confront their own alienation, specifically under capitalism. In the process they are led to questioning their own understanding of, and relationship with, dominant power. However, Parker (2011) has rid one of the illusory beliefs that the “return to themselves” of subjects in analysis under clinical conditions can lead directly to emancipatory social and political action outside the clinic. He has also insisted that the Lacanian psychoanalyst is not there to assist the client in “adapting” to (alienated) capitalist society, that is, to accept that capitalism is the privileged site for the (illusory) pursuit of jouissance. Instead, he has shown how Lacanian psychoanalysis enables one to confront the impact of the Lacanian “real” on one’s self-understanding by enabling the subject to work through the reifying ideological layers obscuring the space where a dislocating, disruptive and painful, but ultimately desirable encounter with the limits of the subject’s symbolic horizons can happen. This means that the subject also has to confront the limits and limitations of neoliberal, globalised capitalist discourse as far as conclusively “speaking” (pseudo-)truth about itself is concerned. Perhaps most importantly for present purposes, Parker (2011) has also pointed to the link between “revolutions in subjectivity”, enabled by psychoanalytic “working through”, and social revolutions such as those prompted by Marxism and feminism, despite the absence of any direct causal link. Parker (2011) has described the (Lacanian) clinic as a clinic in/of the “real” – one which has a paradoxical, “extimate” relation to (exterior and yet intimately connected with) society. This means that, on the one hand, it enables a revolution in subjectivity inside the clinic as a site of refusal (but a refusal of a contingently organised, capitalist society) and, on the other, it is predicated on a theory of social revolution outside the clinic. As said before, this does not imply a direct causal relationship between the revolution in subjectivity (which resonates with Kristeva’s notion of “revolt”) that may happen within the clinic, and a potential social and political revolution outside of it. However, precisely because the subject of Lacanian psychoanalysis is enabled, or perhaps provoked, into questioning her own relationship with (capitalist) power, any participation in the revolutionary transformation of social reality is “prepared for” at the level of individual subjectivity. What, one may ask, could a clinic “in/of the real” accomplish regarding subjects “alienated” from their “true selves” by obsessional neurotic consumerist behaviour? It would have to occasion an experience of themselves as split subjects, forever lacking that something which promises, tantalisingly, to complement themselves, rendering an (nevertheless elusive) experiential plenum or jouissance proper. One could perceive in this the illusory counterpart of what Lacan (1977b), early in his career, designated the “empty speech” of imaginary ego- talk, counterweighted by the ironically named “full speech” of the subject of the unconscious. The clinic of the real, then, instantiates the space where the subject may be disabused of any notion of imaginary self-actualisation – for example, the discursively inculcated belief that “making it” as a media “idol” is the zenith of self-fulfilment, or that owning all the available electronic products, from an iPhone to the latest iPad, guarantees perpetual, uninterrupted, extreme enjoyment. By contrast, the self-questioning subject of the “real”– that is, not a subject literally “in” the real, which is ineffable, but the subject in so far as she or he is subjected to the self-relativising demands of the “real”, and can only be approached in the symbolic – realises that jouissance or conclusive self-fulfilment can only ever be approached asymptotically. That is, jouissance is strictly unattainable, and it is only via the objet petit a (object a) (any “little other object,” such as a song, a painting, a torn shirt, another person, a toy sled named Rosebud, for example, that functions as a metonymy of the unconscious, “real” object of one’s desire) that it may be approached in the form of a kind of “partial enjoyment”. Object a (as partial object) is that which triggers or initiates desire in the subject (Žižek, 1993, pp. 206–207). This desire is fundamentally desire for the (Freudian) Thing, or “profound lost object”, in which the subject implicitly (retrospectively and unconsciously) locates an impossible jouissance. In other words, the subject of the “real” learns that it is manqué à être, lacking being, and that it must ineluctably settle for object a, or rather a succession of metonymically related objects a or, to put it differently, the subject discovers that it has to alternate hysterical resistance to the status quo with intermittently adopted (and eventually questioned) master’s discourses. The point here is that object a mediates the subject’s desire; it is not itself the object of desire. If that should happen – if desire is displaced to object a “itself ” – it would cease to be object a and become a fetish instead (Parker, 2011). To illustrate: in Berri’s (1986) film Manon des Sources Ugolin, the dim-witted son of the landowner, Papet, becomes infatuated with the beautiful and elusive shepherdess, Manon. He follows her around, hiding in places that afford him the most advantageous voyeuristic enjoyment of her beauty. Smitten with her, but lacking the confidence to tell her, he eagerly appropriates her pink hair-ribbon when she accidentally drops it. The ribbon becomes Manon’s substitute to the extent that Ugolin lovingly sews it to his nipple, his own flesh. Instead of functioning as object a, which mediates his desire for Manon, the ribbon has become a fetish on which Ugolin’s affection for the girl is lavished instead.

### Olivier

#### Negation is inseparable from cap

Negation is therefore inseparable from capitalist processes of production and consumption. Not only do consumers consume, and concomitantly “nihilate” products (that is, turn them into “nothing” that is valuable any longer), from food to mobile phones, but the products or commodities themselves (especially those that display marks of technological innovation) “nihilate” their predecessor products, where the technically new and the comparably obsolescent are also locked in an indissoluble embrace. Harvey (1990) provided an illuminating discussion of the necessary conditions of capitalist production – growth, exploitation of labour, and technological as well as organisational dynamism – which, I believe, is compatible with what I argue here about negation or nihilation. Growth, for example, is achieved on the basis of different kinds of negation – social, political and/or ecological – in so far as something is usually negated in these areas for growth to happen. Social (for instance, family) bonds are negated, for example, by the individualistic competition encouraged by capitalism. The control or exploitation of labour by balancing profit margins and labour costs, too, entails the negation of labourers’ individual creativity, and technological/organisational progress of necessity negates not only earlier conditions in these domains, but labourers’ needs (by technology making manual as well as some skilled labour redundant) and ecological integrity as well.

This paradoxical relation between capitalism and social change is intimately related to this double sense of negation/nihilation: consumers negate commodities through consumption, and products nihilate earlier and/or technologically obsolete commodities, in this way pointing to a third sense of “nihilation”, namely consumers’ negation of their own intrinsic human potential for autonomy (Olivier, 2010) through subjecting themselves to the economic flux of capitalist consumer patterns (Deleuze & Guattari, 1987).

#### Jouissance is excess enjoyment that occurs through transgression

Jouissance, enjoyment, orgasm, as distinct from pleasure, marks, for Lacan, that moment of transgression of the pleasure principle that yields an unbearable, or “painful” pleasure, and is therefore fundamentally in contravention of the constraints imposed on the subject by the pleasure principle (Lacan, 1997, 2007a, 2007b; Evans, 2006). The latter promotes

the economy of homeostasis, and therefore limits the subject’s enjoyment to the minimum: pleasure is conservative; jouissance is excessive (Parker, 2011), and the subject constantly tends towards such excess in the face of the prohibitions imposed on it by the pleasure principle – significantly referred to by Freud (1911/2006b) initially as the “unpleasure principle”. Silverman (1983) aptly described the pleasure principle in terms which clarify the difference between the pleasure principle and jouissance:

For Freud, pleasure represents the absence of unpleasure; it is a state of relaxation much more intimately connected with death than with life. Indeed, Beyond the Pleasure Principle (1920) at one point refers to the pleasure principle as the “Nirvana principle”. (p. 54)

It is significant that Lacan (1997) linked jouissance explicitly to prohibition via Freud’s (1919) myth (in Totem and Taboo) of the parricide of the primal father, and points out that:

without a transgression there is no access to jouissance, and ... that is precisely the function of the [moral] Law. Transgression in the direction of jouissance only takes place if it is supported by the oppositional principle, by the forms of the Law ... what we see here is the tight bond between desire and the Law. (p. 177)

#### happiness always require some further revolution

Moreover, as Kristeva (1996/2000) has argued passionately, nothing less than human fulfilment is at stake when it comes to what she calls “revolt” – closely related to what Lacan calls jouissance – in the sense of “returning to oneself”, that is, “assuming one’s desire” for the sake of autonomy, and concomitantly approximate, if not actualise, jouissance:

Happiness exists only at the price of a revolt. None of us has pleasure without confronting an obstacle, prohibition, authority, or law that allows us to realise ourselves as autonomous and free ... on the social level, the normalising order is far from perfect and fails to support the excluded: jobless youth, the poor in the projects, the homeless, the unemployed, and foreigners, among many others. When the excluded have no culture of revolt and must content themselves with ideologies, with shows and entertainments that far from satisfy the demand for pleasure, they become rioters. (p. 7)

#### Cap bad

In light of this, it could be argued that capitalism systematically promotes the illusion that the enjoyment proscribed by the pleasure principle (the incest taboo, metaphorically speaking) is possible and attainable, albeit simultaneously forbidden, in the process offering what it cannot deliver, namely jouissance. At best it could offer a spurious version of jouissance. Why spurious? Because the injunction, on the part of consumer capitalism, to “Enjoy!”, delivered in imaginary and symbolic terms – think of the conjunction of symbolic representations with iconic embodiments of jouissance in advertising and branding – implies that the symbolic may be surpassed, which is impossible in the case of subjects being exhorted to affirm, instead of transgress, the very symbolic order that would have to be transcended if jouissance were to be truly approximated, if not instantiated. It must be stressed that what is at stake here applies to the condition of late, specifically “consumer” capitalism, where the emphasis is not, as in the Marxist evaluation of earlier stages of capitalist development, on the eventual confluence between work and enjoyment on the part of workers (for more on which see Bauman, 2008).

Recall that jouissance implies transgression of the Law in its prohibitive guise. Again, why? Because the signifier has always already driven a wedge between the subject and the real, where jouissance lies (Silverman, 1983). This is why, according to Lacan (1991/2007b; 1975/2007c), “there is no sexual relation” (pp. 6, 69): the signifier has always already interrupted sex – “real” sex – and only fantasy can fill the gap, or appear to (Evans, 2006; Žižek, 2007). In the case of capitalism the Ersatz jouissance offered via commodity consumption does not invite transgression, because it does not impose any prohibition. On the contrary, it exhorts subjects to affirm societal norms as embedded in the conventional symbolic order, or the cultural context of what, in consumer society, is currently regarded as being socially “normative”: “Thou shalt enjoy!” Deleuze and Guattari (1983) have theorised this in terms of the intermittent attachment and uncoupling of “desiring machines” to the “body without organs” of capital, where they are said to “garner” (p. 16) sensual pleasure with every attachment. This is a suggestive metaphorical description of what is here understood as a variety of “pseudo-jouissance”, perhaps better described as fetishism. Norms should not be confused with the (moral) “Law”, or “the set of universal principles which make social existence possible” (Evans, 2006 p. 98). This was noted earlier by Žižek (1995) in an essay entitled (borrowing from Marcuse) “The deadlock of ‘repressive desublimation’”, in which he argued that, in the contemporary world, one witnesses the strange reversal of the superego’s erstwhile function of prohibition (of certain enjoyments) to that of issuing the social command to “Enjoy!” – an uncharacteristic superego role in classical Freudian terms. In this regard it is interesting to note a corresponding interpretation on the part of Bauman (2008) concerning the complex field of current social developments and concerns, which he persuasively described as a “reversal” of the relations between the pleasure and reality principles as conceived by Freud: “It is now the ‘reality principle’ that has been forced to go on the defense; it is daily compelled to retreat, self-limit, and compromise in the face of renewed assaults by the ‘pleasure principle’” (Bauman, 2008, p. 50).

In Žižek’s words (1995):

The bourgeois liberal subject represses his unconscious urges by means of internalised prohibitions and, as a result, his self-control enables him to get hold of his libidinal “spontaneity”. In post-liberal societies, however, the agency of social repression no longer acts in the guise of an internalised Law or Prohibition that requires renunciation and self-control; instead, it assumes the form of a hypnotic agency that imposes the attitude of “yielding to temptation” – that is to say, its injunction amounts to a command: “Enjoy yourself!” (p. 16)

For this reason, the imaginary is enlisted to “fill the gap” left by the symbolic regarding capitalist “enjoyment”. An endless proliferation of images as sites of identification (Kearney, 1988) – that is, for the approximation of jouissance – supplements symbolic exhortations to “enjoy” via the consumption of commodities, each feeding off the other metonymically, and simultaneously negating one another as each new image cluster vies with others as better approximations of capitalist consumer jouissance, which is really no better than pseudo-jouissance.

As indicated earlier, jouissance is hitched to the death drive, and the imaginary supplies what is prohibited by the pleasure principle, namely (the fantasy of) jouissance. This may explain why Snyder (2004) depicted “consumers” as zombies, or the “living dead” in his remake of Dawn of the Dead: by repeating patterns of consumption compulsively under capitalism, consumers show themselves as being subject to the repetition compulsion signalling the sway of the death drive (Freud 1920/2006a), that is, as mimicking the “living dead”. The repetition compulsion manifests itself in consumer behaviour, and capitalism flourishes, precisely because the jouissance it promises is unattainable, and the gesture of reaching towards its mirage – brought tantalisingly close by capital-invested images of intense enjoyment through commodities or through money wealth – has to be repeated endlessly.

#### The alt?

So how is this invidious, addictive behaviour pattern, inculcated by well-known capitalist consumer traps, successfully unmasked as a lie, a false promise, and as systematically inculcating the subject’s alienation from itself? Psychoanalysis is in a position to do this, in so far as it enables the subject to overcome personal alienation, as critical theorist Habermas (1971) has argued in the context of demonstrating how the “emancipatory interest” of the “critical social sciences” (of which psychoanalysis is one) works. The condition of personal and social alienation experienced in extant society has been passionately evoked by Laing (1990):

No one can begin to think, feel or act now except from the starting-point of his or her own alienation ... Humanity is estranged from its authentic possibilities ... Our alienation goes to the roots. The realization of this is the essential springboard for any serious reflection on any aspect of present inter-human life. Viewed from different perspectives, construed in different ways and expressed in different idioms, this realization unites men as diverse as Marx, Kierkegaard, Nietzsche, Freud, Heidegger, Tillich and Sartre. (p. 12)

One can add Parker (2011) to this list, in so far as he consistently draws attention to the alienated condition of people under capitalism. Importantly, he points to the Lacanian distinction between two senses of alienation, both of which are said to be “real” (Parker 2011) – “as the necessary underlying condition for becoming a subject” (p. 88) (here he referred to the subject being torn between “selling” its labour and buying or consuming for survival), and the “real” as “gap in the symbolic” (the contradictions or moments of “excessive irrationality” that shatter the relations between subjects, instantiating “real” alienation). For Parker, psychoanalysis can set the scene, as it were, where subjects can overcome or be emancipated from this alienation.

This is possible because, in Lacan’s (1997) words, the subject can learn to “act in conformity with” her or his “desire” (p. 314) – a desire hijacked by capitalism and yoked to the repetition compulsion through fantasies of jouissance. Every time a commodity is “consumed”, it is negated, nihilated, under pressure from desire, only to make way for another act of consumption of another commodity, putatively offering “more” or “better” jouissance in the place of the one that was negated. Arguably, need is artificially transformed into desire, through desirability-invested images of commodities, for example, in so far as capitalism colonises basic human needs such as hunger, thirst and the need for shelter, inculcating in subjects the desire for specific commodities by holding them up, typically, as what has to be demanded by “discerning consumers” to satisfy (carefully cultivated) “needs”. It is worth noting here that, for Lacan, there is always an unclosable gap between needs and their articulation as demands (which is what capitalism taps into), and this gap is what constitutes desire (Lacan, 1977a; Lee, 1990).

#### The link maybe?

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#### The K is not a K of cap, but of all symbolic power

To clarify what is at stake here, recall that at the outset the distance between the subject and the power which authorises prohibition via conventional morality, if not law, was pointed out. This power can assume different guises in distinct historical eras. In the Christian Middle Ages it was the Church (or institutionalised religion); in the heyday of the modern epoch, of which the historical Enlightenment was the clearest manifestation, it was the nation state (or an institutionalised political sphere); and, since the middle of the 20th century, it has been capitalism (an institutionalised, increasingly hegemonic economic sphere) (Rossouw, 2006). For any such power to be dominant, it has to inform what Lacan called the symbolic order in a decisive, norm-establishing manner, which has been the case with the three above examples.

Žižek (2007) provided a good indication of what is at stake when this happens through his clarification of the meaning of Lacan’s (1966/2007a) contention, that the subject’s desire is “the Other’s desire” (p. 525):

Lacan’s formula is ambiguous. ‘It is qua Other that man desires’ first means that man’s desire is structured by the ‘decentred’ big Other, the symbolic order: what I desire is predetermined by the big Other, the symbolic space within which I dwell. Even when my desires are transgressive [bent on jouissance; B. O.], even when they violate social norms, this very transgression relies on what it transgresses. Paul [whom Lacan also refers to in Seminar VII; B.O.] knows this very well when, in the famous passage in Romans, he describes how the law gives rise to the desire to violate it. (Žižek, 2007, pp. 41–42)

Žižek (ibid.) has drawn attention to another meaning of “man’s desire is the Other’s desire”, namely the fact that “the subject desires only in so far as it experiences the Other itself as desiring, as the site of an unfathomable desire ... emanating from him or her” (p. 42). Here, in contrast to what he referred to as Levinas’s “ethical domestication of the neighbour” (p. 43) by making “the other” the source of our awareness of ethical responsibility, Žižek recalled Freud’s and Lacan’s insistence on the impenetrability of the other. Paradoxically, according to both Freud and Lacan this “abyssal dimension” of human beings was first expressed in the Judaic exhortation, “to love your neighbour as yourself” – a profoundly problematical imperative that, according to Lacan, hides the fact that the neighbour is not merely my “mirror-image” to whom I can attribute everything that I experience; underneath this mask “there always lurks the unfathomable abyss of radical Otherness, of one about whom I finally know nothing” (Žižek, ibid.). Hence the divine law in Judaism that regulates inter-human relations, which is the counterbalance to the neighbour as potential monster.

From this it should be apparent that the neoliberal capitalist order of the present era constitutes the symbolic “Other” which functions as the repository of norms and (capitalist) values which are always, ineluctably, implicated in the actions of individual subjects, whether these serve to affirm and reinforce, or subvert and transgress this order. That is, today, one’s desires, whether trangressive or affirmative regarding the capitalist order, presupposes it as the “big Other” that predetermines one’s desires. The important point to keep in mind, however, is that while transgressive desires in this socio-economic context are predicated on the drive towards (strictly, unattainable) jouissance, the pleasures offered on capitalism’s conditions can at best masquerade as means to jouissance. In so far as they are locked into the logic of capitalist negation or nihilation, they are purveyors of pleasure in Freud’s sense of the quiescence or homeostasis resulting from the regulating operation of the pleasure principle, except that capitalist “pleasures” are fleeting, at best – recall Kovel’s (2002) remark (quoted earlier).

#### Since capitalism is constituted by the enjoyment of all things, jouissance becomes impossible since there is no rule to transgress – the only way to transgress capitalism would be to withdraw

Whatever the case may be here, as I have argued above, it is strictly misguided to believe that capitalist pleasure and/or enjoyment is of the order of jouissance: the latter is, structurally speaking, in principle (if not in fact) transgressive in so far as it presupposes a set of prohibitions embedded in the symbolic order – where capitalism, as the symbolic big Other today, represents exactly the opposite, namely the absence of prohibition, and the encouragement of unbridled enjoyment. Hence transgression against capitalism would have to assume the character of a kind of “asceticism”, with which “a return to oneself”, and a rediscovery of the meaning of (relative, not absolute) autonomy, would be consonant.

### 2

#### Desire is the felt necessity to become more, the dissolution of the subject

In so far as it is explicitly identified with ‘the will to power’, ‘desire’ is to be understood as the principle that ‘underlies’ the world, existence, life, and hence the ‘real’ itself. As Deleuze & Guattari (2000) make clear: ‘The objective being of desire is the Real in and of itself’ (pp. 25–26), a ‘desire that produces – real desire, or the real in itself’ (p. 379). Rather than a ‘play of forces’, however, ‘desire’ is said to be ‘com- posed’ of ‘desiring-machines’: a term which not only implies the ‘impersonality’ of ‘desire’, but also high- lights its dynamic, ‘machinic’ or ‘productive’ nature. Thus, Deleuze & Guattari (2000) suggest that ‘desire is a machine, a synthesis of machines, a machinic arrangement – desiring machines’, such that: ‘The order of desire is the order of production’ (p. 296). It is important to note, however, that in suggesting that ‘desire is a machine’, Deleuze & Guattari (2000) reit- erate that they are using the word ‘machine’ in a literal, and not a metaphorical sense (pp. 1–2), and in doing so they can be understood as highlighting a central characteristic of ‘desire’. In order to under- stand this characteristic, however, the word ‘machine’ should not be identified with, or reduced to, ‘mecha- nism’; ‘mechanism’ is a term that serves to designate a specific, ‘closed’ process within a technological machine, or else a specific organization of a living being, which is organized as such in order to achieve a given end (Deleuze, 2004a, p. 219). In contrast, Deleuze (2004a) suggests that his use of the term ‘machine’ and ‘machinism’ ‘goes beyond both the mechanism of technology and the organization of the living being, whether in nature, society, or human beings’ (p. 219; 232). This is to say that ‘desire’, under- stood as a ‘machine’, as a multiplicity of ‘desiring- machines’, ‘is nothing more than its connections; it is not made by anything, it is not for anything and it has no closed identity’ (Colebrook, 2003, p. 56).

Accordingly, ‘desire’ is not the becoming of some identifiable being. Rather than possessing a fixed identity or organization, ‘desire’ is always ‘striving’ to ‘become more’, to ‘become other’ or to ‘become different’, than it currently is: an interminable becoming without being, ‘an ongoing process of becoming that is the becoming of reality’ (Deleuze & Guattari, 2000, p. 35). To express this in the terminol- ogy of Anti-Oedipus, there is said to be no distinc- tion within ‘desire’ between ‘producing’ and its ‘product’; as Deleuze & Guattari (2000) suggest: ‘The rule of continually producing production, of grafting producing onto the product, is a characteris- tic of desiring-machines or primary production: the production of production’ (p. 7). This is to say that the ‘desiring-machines’, as ‘elements’ of ‘desire’, are not to be thought of as identifiable ‘products’ or ‘objects’ that enter a process of production while maintaining a fixed identity or organization; rather, the identity of those ‘objects’, and indeed the iden- tity of ‘desire’ itself, is ‘caught up’, as it were, in the process of production, constantly changing in the drive to make new connections, and to grow and expand (Deleuze & Guattari, 2000, p. 7).2 Thus, rather than identifiable, distinct or ‘discrete’ ‘objects’, ‘desiring-machines’ are said to be ‘partial- objects’ (Deleuze & Guattari, 2000, p. 308): ‘objects’ in so far as they can be distinguished from one another, but ‘partial’ because they are in no way sep- arate or distinct. As the ‘elements’ of ‘desire’ there- fore ‘desiring machines’ are not to be understood as a collection or a ‘multiplicity’ of ‘distinct’ ‘objects’ that form a ‘composite unity’, or what Deleuze (2002b) refers to elsewhere as a ‘discrete multiplic- ity’ (pp. 38–39): a multiplicity characterized by ‘jux- taposition, order, quantitative differentiation, and difference in degree’ (p. 38), a multiplicity which can be separated, counted, quantified, and reduced to numbers. Rather, ‘desire’ is to be understood as a ‘continuous’, or a ‘qualitative multiplicity’; a multi- plicity that is characterized by: ‘Degrees of differ- ence itself, and not differences of degree’ (Deleuze, 2004a, p. 43), whereby the ‘partial-objects’ ‘fuse’ into one another to form such a ‘multiplicity’. Thus, as Deleuze (2002b) memorably suggests, within a ‘con- tinuous multiplicity’, and hence ‘desire’ itself: ‘There is other without there being several; numbers exist only potentially’ (p. 42).

In so far as ‘desire’ possess no fixed identity or organization, then Deleuze & Guattari (2000) suggest that ‘desire’, and therefore ‘reality’ itself, is to be understood as ‘schizophrenic’ (p. 24). As such, Anti- Oedipus does not begin from a psychiatric under- standing of the words that have traditionally fallen within the province of psychiatry (most notably, ‘schizophrenia’ and ‘paranoia’), ‘but rather from their social and political [and indeed, their ontological] determinations, from which their psychiatric applica- tion follows only in specific circumstances’ (Deleuze, 1995, p. 24). Thus, in a manner analogous to the way that schizophrenia as a psychiatric condition is com- monly understood to ‘dissolve’ or ‘fragment’ a per- son’s ‘identity’, ‘desire’ is said to be characterized by an on-going and productive ‘dissolution’ of any fixed identity or organization; as Deleuze & Guattari (2000) suggest: ‘There is no sort of evolution of drives that would cause these drives and their objects to progress in the direction of an integrated whole, any more than there is an original totality from which they can be derived’ (p. 44). Accordingly, ‘schizophre- nia is the process of the production of desire and desiring-machines’ (Deleuze & Guattari, 2000, p. 24), such that at ‘man’s most basic stratum’ we find ‘the schizophrenic cell, the schizo molecules, their chains and their jargons’ (Deleuze & Guattari, 2000, p. 289); indeed, there is said to be ‘a whole biology of schizo- phrenia; molecular biology is itself schizophrenic – as is microphysics’ (Deleuze & Guattari, 2000, p. 289). Thus, in so far as ‘desire’, a dynamic and productive becoming without any fixed being, is to be under- stood as the principle that ‘underlies’ the world, exist- ence, life, and hence the ‘real’ itself, Deleuze & Guattari (2000) suggest that ‘schizophrenia is the uni- verse of productive and reproductive desiring- machines, universal primary production as “the essential reality of man and nature” ’ (p. 5).

#### Cap bad

Both ‘desire’ (conceived as the fundamental and dynamic ontological principle) and subjectivity (understood as a ‘product’ of the passive synthesis of time that characterizes ‘desire’) are to be understood as ‘schizophrenic’, or as a becoming without a ‘fixed’ identity. With reference to Bergson’s (1988) Creative Evolution, Deleuze & Guattari (2000) memorably suggest that ‘the whole, of the world as of the living being, is always in the process of becoming, develop- ing, coming into being or advancing, and inscribing itself within a temporal dimension that is irreducible and nonclosed’ (p. 96). However, it is not only the world and the living being that are to be understood as ‘schizophrenic’, but capitalism itself is also said to display a fundamental ‘schizophrenic tendency’ (Deleuze & Guattari, 2000, p. 361). In order to understand what is meant here, it is instructive to recall the memorable description of capitalism that Marx & Engels (1978) gave in the Communist Mani- festo in which: ‘All fixed, fast-frozen relations, with their train of ancient and venerable prejudices and opinions, are swept away, all new formed ones become antiquated before they can ossify. All that is solid melts into air . . .’ (p. 476). This is to say that one of the defining characteristics of capitalism is an interminable, and dynamic tendency for all estab- lished ‘identities’ to become ‘fragmented’ or ‘broken up’; from the replacement of traditional belief sys- tems and meaning-structures to the transformation of geographical territories, and from large-scale demo- graphic upheavals to the continual production and promotion of ‘new and improved’ products, capital- ism’s drive for profit, and ever-renewed profit, is said to have entailed such transformations (Deleuze & Guattari, 2000, p. 259).

Capitalism, therefore, can be said to display a fun- damentally ‘schizophrenic’ tendency in so far as it is characterized by the continual ‘dissolution’ of estab- lished ‘identities’ (Deleuze & Guattari, 2000, p. 250). For Deleuze & Guattari (2000), it is this tendency of capitalism to ‘break up’ ‘identities’, ‘dissolve’ estab- lished ‘codes’, and transform ‘territories’ – a tendency that they therefore refer to as ‘decoding’ and ‘deter- ritorialization’ – that constitutes ‘a schizophrenic process’, ‘the pure schizophrenic process of deterrito- rialization’ (p. 283). Importantly, however, although capitalism breaks up all existing identities, it immedi- ately imposes a ‘new’ identity, an identity fashioned in the image of capital (Deleuze & Guattari, 2000, p. 259). This is to say that although capitalism breaks up all existing identities, it immediately refashions every- thing in the form of a ‘commodity’ or ‘private prop- erty’ (Deleuze & Guattari, 2000, p. 303); as Lukacs (1971) suggested, capitalism displays a tendency to ‘reify’, or transform everything in the world – includ-

ing our own qualities and attributes – into ‘commod- ity-things’ that have an ‘exchange-value’, and which can therefore be bought and sold, owned as ‘property’ and made use of as ‘resources’ (pp. 83–103). More- over, capitalism’s tendency to ‘re-identity’ everything anew in the image of capital – a tendency that Deleuze & Guattari (2000) refer to variously as ‘reterritorialization’, ‘recoding’, and ‘axiomatization’ – is not to be thought of as distinct from capitalism’s tendency to ‘break up’ established identities; as is made clear: ‘It may be all but impossible to distin- guish deterritorialization from reterritorialization, since they are mutually enmeshed, or like opposite faces of one and the same process’ (Deleuze & Guattari, 2000, p. 258).

Both ‘desire’ and capitalism, therefore, display a fundamentally ‘schizophrenic’ tendency, a tendency to ‘dissolve’ established ‘identities’. More than a com- monality or a superficial resemblance, however, there is said to be a ‘deeper’ relationship between the ‘pro- ductivity’ of ‘desire’ or ‘desiring-production’, and the productivity of capitalism or ‘social production’; as Deleuze & Guattari (2000) make clear, ‘desiring-pro- duction is one and the same thing as social produc- tion. It is not possible to attribute a special form of existence to desire, a mental or psychic reality that is presumably different from the material reality of social production’ (p. 30). Of course, a distinction between ‘social production’ and ‘desiring-production’ can be made, but this is said to be ‘merely a distinction of regime’ (Deleuze & Guattari, 2000, p. 31), where the ‘disjunction’ between the two realms is said to be a relation of ‘included disjunction’ (Deleuze & Guattari, 2000, p. 340). In discussing this relation, Deleuze & Guattari (2000) employ the distinction drawn from physics between classical and quantum mechanics, what they refer to as ‘macrophysics’ and ‘microphysics’, or simply the ‘molar’ and the ‘molec- ular’ realms, respectively (p. 280). In particular, they suggest that the distinction between ‘social pro- duction’ and ‘desiring-production’, between the ‘molar’ and the ‘molecular’, is a distinction between ‘two kinds of collections or populations: the large aggregates and the micromultiplicities’ (Deleuze & Guattari, 2000, p. 280), which can be understood in terms of the previously discussed distinction that Deleuze (2002b) draws between discrete and con- tinuous multiplicities (pp. 38–39). Thus, a molar multiplicity, that which belongs to the realm of ‘mac- rophysics’, is to be understood in terms of a multiplic- ity of elements that can be counted or quantified, ‘the province of large numbers’ (Deleuze & Guattari, 2000, p. 279). In contrast, a molecular or a micromul- tiplicity is a multiplicity of elements that are not sep- arate or discrete; this is the realm of ‘microphysics’, of ‘waves and corpuscles, flows and partial objects that are no longer dependent upon the large num- bers’ (Deleuze & Guattari, 2000, p. 280).

Accordingly, the ‘molar’ realm, the realm of social production, is amenable to quantification, calculation and therefore to the emergence and intensification of capitalism. As Weber (2005) noted, the defining char- acteristic of capitalism is not an unlimited greed for gain, but ‘the pursuit of profit, and forever renewed profit, by means of continuous, rational, capitalistic enterprise’ (pp. xxxi–xxxii). In particular, this ‘ratio- nal enterprise’ is characterized by calculations in terms of profit, a ‘calculating’ or ‘instrumental ratio- nality’ (Taylor, 2003, p. 5), that is said to constitute the very ‘irrationality’ of capitalism; as Deleuze (2004a) suggests: ‘Everything about capitalism is rational, except capital or capitalism’ (p. 262). Indeed, for Deleuze & Guattari (2000), capitalism ‘is mad from one end to the other and from the beginning’, a madness that is attributable to ‘the pathological char- acter of its rationality: not at all a false rationality, but a true rationality of this pathological state, this insan- ity’ (p. 373). Moreover, this ‘rationality’ is said to lead to ever greater ‘exploitation’, ‘terror’, and ‘cruelty’ (Deleuze & Guattari, 2000, p. 373), and its ‘remorse- less logic’ comes to ‘absorb’ and constrain every member of society. In tones reminiscent of Weber’s (2005) exposition of the ‘iron cage’ (pp. 123–124), and in contrast to a ‘class analysis’ of capitalism, Deleuze & Guattari (2000) suggest that ‘there are no longer even any masters, but only slaves commanding other slaves’ (p. 254); this is to say that all members of society become subject to capitalism’s ‘insane ratio- nality’, whereby the pursuit for ever greater efficiency and forever renewed profit is no longer even a means to some other end – for example, enjoyment – but becomes the end in itself (Deleuze & Guattari, 2000,

p. 254). As Deleuze & Guattari (2000) emotively sug- gest: ‘The bourgeois sets the example, he absorbs sur- plus value for ends that, taken as a whole, have nothing to do with his own enjoyment: more utterly enslaved than the lowest of slaves, he is the first ser- vant of the ravenous machine, the beast of the repro- duction of capital . . . “I too am a slave” – these are the new words spoken by the master’ (p. 254).

### Zaretsky

Zaretsky 98 [Eli Zaretsky. Bisexuality, Capitalism and the Ambivalent Legacy of Psychoanalysis. Last date cited 1998] AJ

#### The affirmative emphasis on individuality is a form of narcissistic obsession that is at the heart of corporate capitalism, attempting to obtain jouissance through fetishizing freedom

Zaretsky 98 [Eli Zaretsky. Bisexuality, Capitalism and the Ambivalent Legacy of Psychoanalysis. Last date cited 1998] AJ

A more fruitful approach to the shift from liberal or competitive to corporate capitalism rests on appreciating the vastly increased role assigned to consciousness, knowledge and science in the productive process. There was an increased awareness of the role of mental labour in production, as well as an increase in mental labour itself. The resulting productivity led to a shift from an emphasis on saving, thrift and sacrifice to one on expanding consumption. The same productivity encouraged the shift from a conflict model of society centred on the relation between capital and labour to a cooperation model, suggested in the us in the phrase, ‘the progressive era’. Corporate capitalism eroded many of the bases of nineteenth-century culture, including its ideal-typical family and its model of separate spheres. The result is best characterized as the historical emergence of ‘personal life’—forms of life separate from and no longer directly deter- mined by the sphere of production.29 The distinction between public and private spheres remained important but the private sphere of the family was now subsumed in a larger context. Adolescence, youth and the issues important to youth, especially sexuality and identity, emerged as new, and by the 1920s, dominant concerns. Familial repressiveness, which had served a function in an era of scarcity and competition, suddenly seemed antiquated and idiosyncratic. Gender remained important but there was a new emphasis on ‘similarity’. Modernity seemed to many to contain the potential for realizing Wollstonecraft’s famous wish that the difference between the sexes be restricted to the sphere of sexual love. Personal life had a dual aspect. On one hand, it led away from politics and toward a narcissistic preoccupation with the self. This was the aspect that Schorske and Lasch emphasized. On the other hand, it could also imply a redefinition and deepening of politics. This redefinition went beyond the framing of new ‘issues’ and expressed the possibilities of forms of life no longer dominated by social necessity. In pre-modern societies a common way of life meant that the internal world of individ- uals was homologous with the larger cultural symbolic. Traditional ther- apy aimed to reintegrate the individual with their world.30 Freud’s insight was that the symbols by which modern men and women lived were personal and idiosyncratic. Thus, when Freud insisted that ‘we ana- lysts refuse . . . to turn a patient who puts himself into our hands in search of help into our private property, to decide his fate for him, to force our own ideals upon him, and with the pride of the Creator to form him in our own image and see that it is good’, he was in part actually articulat- ing the new possibilities of subjectivity, plurality and personal freedom that had emerged in his time.31 The significance of personal life, over and against the nineteenth-century emphasis on the family, was expressed in a new culture—mass culture. Its main characteristic was its apparent inclusiveness. Reflecting the changed character of corporate capitalism, the new culture idealized personal freedom, mass consumption and cooperation. Dime novels, amusement parks, the movies, sports, reflected immigrant and working- class traditions with important democratizing elements, but they also reflected the elaboration of a new social imaginary, one which worked on the basis of a wishful solution to both personal problems and social conflict: harmonious reconciliation in an imaginary sphere.32

#### A2 freud bad

The choice of a historical context in which to situate Freud depends on how one interprets him. I interpret Freud as a theorist of psychology and culture and, especially, of the relation between psychology and cul- ture. From my point of view, his most important idea was that socially imposed categories and distinctions dissolve within the individual and are remade as the individual’s own unique wishes. In this essay, I will use this idea as the pivot of my argument. I will argue that this insight made psychoanalysis subversive of key aspects of nineteenth-century lib- eralism, but that it also made it adaptable to twentieth-century mass culture. Ultimately, psychoanalysis was reshaped by the culture it influ- enced so that its critical possibilities were not only largely unrealized, but in fact were turned into modes of oppression.

#### Gender theory in 19th century

For human beings to experience their own humanity, they require a cul- ture that recognizes the commonality and interconnectedness of their lives. For the nineteenth-century middle classes that recognition was already shallow. In place of interconnectedness, nineteenth-century lib- eral society, if we think in ideal-typical terms, developed an ethic centred on self-control, stoicism and self-mastery. Key terms included ‘charac- ter’, ‘habit’, and ‘industry’, as well as ‘malingerer’. Key values included domesticity, cleanliness, punctuality, temperance, discipline and thrift. New practices expressing these concerns included public education, political economy and psychiatry, which was revolutionized in the nine- teenth century. Of course, reality was infinitely more complicated, and nineteenth-century culture also stressed sentiment, expression and intro- spection. Nonetheless, a common thread running through the culture was the demand that one repress or deny passivity, weakness or depen- dency to fulfil one’s responsibilities. Although we associate this value with the middle class, the emphasis on self-mastery also pervaded artisan republicanism, early trade unionism and cooperative and self-help move- ments among farmers, workers and ex-slaves.

Self-control was linked to social control. The predominant model of the mind, according to which the will controlled or repressed ‘disorder’, had a social counterpart. The reasonable, self-controlled, British (or Ameri- can) gentleman controlled the heathen, African slave, the ‘primitive’, the ‘working class’, the cheap-labour immigrant, the drunk. Control was supposed to proceed primarily by civilizing practices, not force. If one were to put this in ‘post-Victorian’, that is, Freudian, terms, one might say that the nineteenth-century middle classes ‘projected’ their own dependencies, their sexuality, their feelings of vulnerability, fears of their own violence, and so forth, onto ‘inferior’ groups. In a particular way, however, they projected these qualities onto women, even though the ‘they’ that did the projecting included women as well as men.

Gender distinction, of course, was at the heart of nineteenth-century culture. Scientists and doctors agreed with moralists and publicists that there was an absolute and unambiguous difference between men and women. Distinctive traits and expectations, physiologies and sexualities, and regions of social space—the public and the private—were associated with each gender. Even more sharply than in the past, the values of self- control, mastery, or reason were equated with men. Women were identi- fied with passivity, dependence, emotionality.

But this characterization was contradictory because women were also enjoined to the same requirements of self-control and self-mastery as men. No less than men, they were supposed to deny their dependency needs, their emotionality, their passivity, at least in most contexts and for most purposes. At the same time, any breakdown of self-control was coded feminine. As a result, the understandings surrounding gender were a particularly sensitive register of the tensions in the culture.

The focus on the family and self-control in the nineteenth century, ulti- mately, was an attempt to forestall social conflict, especially class con- flict, by redefining problems in terms of individual character. Institutions like education and the family were raised in importance because they were intended to overcome the societal conflicts spawned by industrialization. Gender, in the sense of ‘sex-roles’, was central to this attempt. Any systemic change would necessarily be calibrated with changes in the gender order.

#### Neuroses represent a breakdown of control and a need for femininity

The neuroses had three characteristics important to my argument. The first, exemplified in hysteria, was that they represented a breakdown of self-mastery, a feeling of being overwhelmed by emotion and by feelings of passivity, a feeling of losing control. The distinguishing mark of hys- teria was an ‘outbreak of affect’. Neurologists used such terms as lability, suggestibility and psychoplasticity.12

Second, the neuroses were defined by a shift from somatic to psychologi- cal complaints. Neurasthenia was the first neurosis described wholly in psychological terms. Anorexia was ‘discovered’ when patients shifted from complaints of stomach pain to complaints of an unwillingness to eat.13 Hypochondria, once a medically respectable disease, ‘acquired the connotation of an imaginary illness.’14 Hysteria was unique in that the complaints were somatic, including, for example, paralyzed limbs, but the explanations proffered were increasingly psychological.

Finally, all the neuroses were described in gendered terms. Hysterion, of course, is Greek for womb. Many of the neuroses involved intensified stereotypes of ‘femininity’: emotionality (hysteria), obsession with body image (anorexia), fear of going out alone (agoraphobia). ‘Femininity’, in turn, was a code word for the need for greater control. The ‘over-sensitiv- ity’ and the ‘suggestibility’ that scientists and doctors ascribed to neu- rotics, they also linked to alcoholism, to Latin culture, to mob psychology and to socialism, but especially to women.15

The aim of the tradition of psychological treatment in which Freud worked was to get the patient to re-establish self-control. The means, which reveal the internal contradictions involved in the emphasis on self-mastery, was to create a dependent relation with the doctor and then use the doctor’s authority to end the dependency. The model was hypno- sis: ‘when you awake you will do “x” and remember nothing.’

The origins of this method lay in a form of psychiatry developed during the Enlightenment called ‘moral treatment’. Ultimately based on John Locke’s work, moral treatment rested on the theory that disordered ‘asso- ciations’ could be rearranged to cure insanity. Although its founders stressed the impact of institutional regimes, such as the asylums, in the early nineteenth century psychiatrists soon realized that the ordinary doctor could be trained to elicit submission. Benjamin Rush, for exam- ple, the founder of American psychiatry, gave a series of rules for doing so: ‘catch [the patient’s] eye . . . Secure obedience . . . by the voice . . . the countenance . . . should be accommodated to the state of the patient . . .’16 And so the rules continued.

Bisexuality and Hierarchy

Nineteenth-century psychiatry, like the culture generally, combined hierarchical control and gender. The psyche was understood in terms of levels determined by evolution. The elementary levels were reflexes; higher up were sensations, then perceptions, and finally, at the top, came ‘individuality’. Hysteria was caused by an ‘unruly’ piece of the ‘lower’ mind that had not been brought into connection with the higher part of the mind or ‘consciousness’. The purpose of hypnotism, Freud was taught in Paris in 1885, was to access the ‘lower’ parts of the mind, and make them available for discharge. The gendered character of this model particularly came to the surface in discussions of hypnosis. The ‘lower’ or ‘cut-off’ part of the mind was linked to femininity. Hypnotism, wrote one practitioner, utilized ‘the dominance that nature has given one sex over the other in order to attach and arouse.’ ‘The magnetized (the pas- sive feminine part) is in sympathy with the magnetizer (the active mas- culine part)’, wrote another.17

Freud inherited this framework of thought and throughout the 1890s used it to try to explain hysteria. Studies in Hysteria (1893–95), the unpublished ‘Project for a Scientific Psychology’ (1895) and the ‘seduc- tion theory’ (1896) are all examples. They follow the established think- ing, which in part goes back at least to the Greeks, according to which some ‘lower’ part of the mind—an impulse, a suggestion, an unassimi- lated memory—is cut off from the higher part of the mind, reason, mas- tery, consciousness. Freud also followed established thinking in arguing that the lower part of the mind was a repressed wish, especially a sexual wish. Where Freud eventually differed was in explaining hysteria as the repression of an infantile sexual wish, rather than a ‘normal’ adult, heterosexual one. He learned about infantile sexuality from a new dis- cipline, sexology, which also studied the ‘perversions’, especially homo- sexuality. It was from this discipline, especially as he was introduced to it by his friend, Wilhelm Fliess, that Freud learned about bisexuality.

#### Fem k2 other things?

With such formulations, Freud went a long way toward cracking the code of nineteenth-century liberal culture. This was not his intention —which was to explain neurosis. But in doing so, he showed that the ‘problems’—passivity, lack of control, dependency—that the nine- teenth-century middle classes had assigned to women, to the working class, to ‘Africans’ and to ‘inferior’ or ‘uncivilized’ people were universal. The logic of the distinction between those in control (male professionals) and those in need of control (women, homosexuals, racialized others) began to break down. In a sense, Freud can be described as ‘outing’ the white, male professional’s dependency. In so doing, however, he ques- tioned the underpinnings of a whole system by which identity and social place were being maintained.

It is in this sense that Schorske’s emphasis on the introspective, as well as the Jewish, roots of psychoanalysis is so important. Analysis was born as a reflection upon experiences of defeat, loss, mourning and withdrawal. It was not a heroic ethic. If we examine the internal culture of early analysis, as revealed in the letters between Freud and his followers, what was new was the emergence of a language centred on recognizing the universality of passive wishes. ‘I confess this to you with a struggle’, Jung wrote to Freud, my veneration for you is disgusting and ridiculous because of its undeniable erotic undertones.’27 I wish you ‘had torn your- self from your infantile role to place yourself next to me as an equal com- panion’, Freud wrote to Ferenczi; ‘I would prefer an independent friend but if you make such difficulties I will have to adopt you as a son.’28

Leaving aside, for a moment, its implications for women, it can still be seen that Freud’s language held the potential for a ‘Copernican’ reorien- tation. Nineteenth-century scientific and medical explanations of psy- chological phenomena alternated between emphasizing heredity and environment. Lacking was a conception of motivation. That is what Freud provided. His theories made room for both constitutional and environmental factors, but only as components of a larger explanation that foregrounded individuals’ desires and the way in which those desires led men and women to live in worlds largely of their own construction.

The basis for this reorientation was Freud’s conception of sexuality, which encompassed both infancy and the unconscious. This conception was so polymorphous, so ‘linguistic’ in today’s terminology, that it had the capacity to dissolve fixed distinctions of gender. As these distinctions threatened to dissolve, so did an entire universe of cultural controls through which assumptions concerning gender reverberated. As Freud’s advocates argue today, his ‘anti-essentialism’ opened the possibility for a far-reaching dissolution. Thus, a utopian moment followed their public- ation. This moment centred on a latent vision, not generally voiced, of a world in which socially inscribed categories and hierarchies disappear. Utopianism potentially serves a critical function—it provides a standard for judging the existing society. But utopianism can also serve the inter- ests of domination and illusion, as Freud’s critics have rightly insisted.

Psychotherapy was at the centre of mass culture. Whereas nineteenth- century psychiatry had functioned by excluding and isolating the so-called ‘mad’, twentieth century ‘psychotherapy’ stressed the univer- sality of a ‘subconscious’, a secondary or subliminal self, in which one could transcend the conflicts and travails of everyday existence. Whereas the nineteenth-century psychiatrist stressed self-control, the early twen- tieth-century therapist stressed catharsis and release. Psychotherapy sanctioned the idea of transcending conflict, especially social conflict, through mental means. It also provided the culture with many of its key schemata for self-interpretation.

Late nineteenth-century precursors of psychotherapy such as ‘mind cure’, Christian Science, and the Emmanuel movement, had anticipated the affin- ity between psychotherapy and mass culture. These movements, too, arose out of a rejection of ‘Victorianism’, as nineteenth-century middle-class cul- ture now came to be called.33 The mind cure movements used meditation to access ‘inexhaustible subconscious powers [with] roots in the Infinite.’34 In 1901, William James wrote approvingly of these movements. ‘Official moralists’, he remarked, ‘advise us never to relax our strenuousness . . . Be vigilant, day and night . . . hold your passive tendencies in check.’ But many people ‘find that all this conscious effort . . . only makes them twofold more the children of hell . . . Their machinery refuses to run . . . when the bearings are made so hot and the belts so tight. Under these circumstances the way to success . . . is by an antimoralistic method . . . relaxation, not intentness, should be now the rule.’35 These movements helped prepare the ground for psychotherapy in the United States.

#### Psycho rejects the notion of women and men as separate altogether

In addition, such an approach helps us situate the question of gender at the centre of personal life. In justifying his resistance to defining mas- culinity and femininity, Freud described the equation of masculinity with activity and femininity with passivity as merely ‘empirical’ and ‘conven- tional’. Thus, the idea that gender is cultural was implicit in psychoanaly- sis but was not made explicit until the feminist movements of the 1970s. Yet psychoanalysis also destabilized the opposition between men and women on which most forms of feminism still rest. It did not destabilize the concept ‘woman’ in the way that many contemporary feminists do in attempting to make room for lesbians, women of colour and so forth. Rather, it destabilized the concept when it is opposed to the concept ‘man’. In this regard, contemporary movements of identity have not yet caught up with the liberatory moment in psychoanalysis which held that, at least under the conditions of modernity, no individual could be reduced to a socio-cultural determination, whether as ‘bourgeois’ or ‘worker’, as ‘man’, or ‘woman’, or as a member of a particular race.

### Parker 11

Parker 11 [Ian Parker is Professor of Psychology in the Department of Psychology at Manchester Metropolitan University. Lacanian Psychoanalysis. 2011, Routledge] AJ

#### What is lacanian psychoanalysis

Lacan's elaboration of psychoanalytic theory was grounded in its prac- tice and followed the revolutionary dynamic of Freudian analysis, clarifying and complicating it and also bringing alive the radical political ambitions of the early psychoanalytic movement. Each of the key elements - clinical practice, conceptual innovation, political implications - is worked through in this book. I circle around the same issues from different vantage points, the only way to elaborate an argument concerning a form of psychoanalysis so suspicious of linear thought. The book provides an explication and defence of Lacanian psychoanalysis through articulation of it with political- economic conditions in which it became possible, and through elaboration of a new way through some of the deadlocks of current Lacanian debate.

Lacanian psychoanalysis maintains a distinctive position in relation to other forms of therapeutic enquiry for it marks a 'return' to Freud which also enables an original development of psychoanalysis today. The designation 'Lacanian psychoanalysis' is one that is not favoured by many of its prac- titioners, even while they well know that they must answer to this under- standing of them as a particular group among psychoanalysts. At the same time, the Lacanian corpus offers points of connection and dialogue with other forms of relational therapeutic enquiry, for Lacan's return to Freudian psychoanalysis was characterised by his use of conceptual and cultural resources that had developed alongside the psychoanalytic tradition. Practical and theoretical aspects of Lacanian psychoanalysis are inter- twined, but we need to conceptualise these aspects as being dialectically interrelated rather than smoothly meshed together. It would be tempting, but misleading, to treat the practice as direct application of theory, or to treat the theory as arising directly from its practice. Already we would thereby be trapped in some form of a correspondence between words and things, between representations of activity and the activity itself, a corre- spondence that Lacan rejects. Why?

Let us approach this question by starting with clinical practice as such, which is what this book about theoretical advances is concerned with. In this way we might arrive at one answer to the deceptively simple question, what is psychoanalysis?

#### A2 science

Freud once remarked that there is no psychoanalytic 'cure', and every analysis ends badly, incomplete. This annoys those who assume that therapy should be based on 'evidence', and it frustrates those who want psychoanalysis to be scientific. It is not rocket science, all this; it is not science at all, though it does work upon the kind of subject who has bought into a scientific worldview, addressing what is cut out from that kind of subject for them to be able to imagine that they should be scientific. The unsatisfying ending of an analysis often annoys those who take part, but they get over it, and when they look back they may discover that it provoked a peculiar revelation, a revolution that opens up a new space for them as subjects. This is what the best therapy of any kind can hope for, and we cannot promise more than this. There are other practices of self- exploration and self-transformation that engage people in revolutionary change outside the clinic which I advert to in the course of this book - Marxism and feminism for instance - and Lacanian psychoanalysis in revolutionary key cannot substitute for those processes of social change. Lacanian psychoanalysis can facilitate a connection with those political processes, a connection that can only be maintained if we maintain a sharp theoretical and practical disjunction between what happens in the clinic and what happens in the outside world.

#### A2 psycho is just introspection/anecdotes

One too-convenient way of marginalising psychoanalysis as a clinical prac- tice is to consign it to the depths of introspective self-reflection. It is thereby turned into an essentially 'private' activity and sealed off from the 'public' sphere where cultural and political coordinates of our lives can be contested and transformed. This marginalisation of psychoanalysis operates in fields of academic research that appeal to the clinic as hidden core, guarantee for certain modes of interpretation. Defensive manoeuvres then serve to protect the supposed theoretical autonomy of psychoanalytic investigation outside the clinic, and lessons from actual psychoanalysis are reduced to being little moral narratives. Psychoanalytic case studies function as powerful anec- dotes, the best thoroughlyfictionalisedto protect the identity of analysands while making theoretical points. But in such appeal to telling 'cases' we risk shifting gear from attending to the particularity of the subject - an ethical question in Lacanian psychoanalysis - to describing how people should talk. It is for this reason that I do not give 'examples' of how you should or should not speak as analyst or analysand in this book, and discussion of ethics as we go along will make clear why this is problematic, why it would turn psychoanalysis into something else.

#### ‘the core’

At the core is the more complex character that is Lacan in the clinic, the devil himself and his courtiers and supplicants, those whose writing is so very useful and revolutionary. It is only when we come this far, when we have travelled into these deepest parts that we have access to something that will shake our symbolic coordinates, something that touches the real. The line we trace through these layers of hell bring us to something we can treat as the 'core'; the point is that it is the journey as such that is important, and when we arrive at the core we find theoretical and practical coordinates for a Lacanian psychoanalysis that operates as a permanent revolution in subjectivity. Here, at the end of this path is also what is sometimes called the 'end of analysis', for the most disturbing core of psychoanalysis only functions in the vortex of the clinic, perhaps for a moment and with only the littlest ripples out into everyday life, into the shallower waters of the limbo-land we started out from.

#### The role of the ballot is to psychoanalyze the assumptions of each debater – political solutions fail absent interrogation or with flawed assumptions – psycho is the only way to achieve political goals

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Connections between the emergence of Lacanian psychoanalysis and radical political movements - particularly Marxism and feminism - are not accidental, though tensions between clinical and political perspectives on change are often left unexplored in accounts of Lacan's clinical interven- tions. The subtitle of this book, 'Revolutions in subjectivity' is designed to draw attention to those tensions; and the claim that attempts to change society will simply entail circular 'revolutions' between positions will be set against the claim that psychoanalysis itself links personal and social change in transformations, 'revolutions' in subjectivity. These transformations are often restricted to the space of the clinic, and may be hidden even to those close to the analysand - not much to write home about it would seem, so what is the big deal for politics, for real revolutions? Here is a crucial place for theory in this kind of therapy, in this form of psychoanalysis that does have therapeutic effects. The theory operates not by directly moulding clinical practice - there are no specifications for how the analysis should be done - but in theorising the shape of it, its possi- bilities and limits. My elaboration of theory for Lacanian psychoanalysis sets itself against attempts either to make it conform to whatever particular political projects we subscribe to or to extrapolate from the clinic to the domain of Lacanian 'social theory'. That temptation, to conform or extra- polate, has been attempted many times by adjacent psy practices, with disastrous results, and so theoretical examination of disjunctions between individual and social change is vital if we are to actually trace the boundaries that define the 'personal' and the 'political'. Lacanian psychoanalysis needs to be redefined as theory and practice in relation to four main traditions of work - psychiatry, psychology, psycho- therapy and spirituality. These traditions are the source of controversial influences on psychoanalysis, particularly now in the Lacanian tradition, as medicalising, individualising, humanising and spiritualising influences. Each is freighted with political assumptions that are disentangled and questioned in the course of the book. The tense, antagonistic, sometimes dependent relationship Lacanian psychoanalysis has with these four traditions of work is a necessary condition for radical change at the level of the individual and the social. The book traces the institutional and clinical context for the historical emergence of contemporary debates in the Lacanian tradition. The 'clinical structures' of neurosis, psychosis and perversion that Lacan adopted from Freud are reviewed, assessed and elaborated in relation to 'contemporary symptoms' that call for a questioning and re-elaboration of the diagnostic process; discussions of the 'end of analysis' are explored in relation to clinical structures and sub-categories of obsessional neurosis and hysteria in order to highlight the politically-charged background and opportunities for new representations of 'gender' in therapy. The emphasis here is upon the exploration of Lacanian psychoanalysis as contested terrain, not as a fixed correct line to be followed. It is in that sense too that Lacan's school is authentically psychoanalytic, for it revives the uncertain speculative char- acter of early Freudian psychotherapy. Lacanian psychoanalysis is not a set of techniques (not medical), com- plete system (not psychological), worldview (not therapeutic) or a guide to life (it is not spiritual). There is no immutable reading, but contradictory readings. We do not merely strip away misconceptions to arrive at the real thing; there is no real thing. I evoked something of the line I trace through to what I take to be the core of Lacanian psychoanalysis, and the extended metaphor of our journey from an ideological limbo-world to the devilish resources that Lacan and the Lacanians provide also indicates something of my own debt to Marxist and feminist politics. I want to spell out in a little more detail some assumptions I am making about the historical consti- tution of psychoanalysis now so that the political-economic analysis of the place of Lacanian psychoanalysis traced through in this book will make sense. There are two fundamental aspects of the construction of psycho- analysis that are at issue here; the first concerns the historical construction of psychoanalysis as a theory of the subject, the second concerns the con- struction of the clinic.

#### Lacian psycho k2 studying cap

In sum, to follow the line of the book I want you to accept four argu- ments to begin with. The first is that psychoanalysis is not universally true (and analysands may also come to this conclusion, and so release them- selves from its grip). Second, psychoanalysis is constructed as one of the various names of subjectivity, of what I call 'conceptual capsules of the subject' under capitalism (and it enables the analyst to comprehend those who would like to ignore psychoanalysis, for whom psychoanalysis some- times gives the name psychotic or pervert, as well as those obsessed with it and those whose refusal of it is understood as some kind of hysterical protest). Third, Lacanian psychoanalysis is one of the names for the con- tradictory subjectivity of late capitalism, virtual, precarious, neoliberal, but this form of psychoanalysis introduces some new twists and turns and ways out of this state of affairs. Fourth, the contradictions that characterise psychoanalysis need to be connected with the other revolutionary emanci- patory movements that were also formed under the rule of capital and as a response to capitalism - Marxism and feminism - but which have been more self-consciously attentive to the historical nature of the political- economic formations they pitted themselves against. Theoretical and practical articulation of clinical and political change therefore lies at the heart of the arguments that run through the next eight chapters.

# Various Affs

## Nigeria

### Plan Flaw

#### States have no authority to implement the aff – minimum wages are on the exclusive legislative list for the federal government

Sun News 11/5 [BY OUR REPORTER ONNOVEMBER 5, 2014. National Assembly and the National Minimum Wage. http://sunnewsonline.com/new/?p=89420] AJ

The movement of the wages issue to the Concurrent Legislative List would have meant that each state government would have the power to fix its own Minimum Wage. The Deputy Senate President and Chairman of the Senate Constitution Review Committee, Senator Ike Ekweremadu, who had earlier justified the bid by the Senate to move the power to fix the Minimum Wage to the states, explained that it was not proper to fix equal Minimum Wage for all the states, when some could afford to pay higher than that. Clarifying the matter, The Deputy Speaker of the House and Chairman, House Committee on Constitution Review, Chief Emeka Ihedioha, said that the National Assembly did not eventually remove the minimum wage from the Exclusive List. He explained that both the Senate and the House later retained labour on the Exclusive List when they passed the new amendments to the 1999 Constitution. According to him, it was the Senate that initially moved labour to the Concurrent List, while the House retained it on the Exclusive List, but a conference meeting of the two chambers ended in the adoption and passage of the House version, with the result that the National Minimum Wage will remain on the Exclusive List and be centrally determined by the Federal Government.

### Unrest DA

#### Aff would cause labor unrest and spur ethnic conflict

Sun News 11/5 [BY OUR REPORTER ONNOVEMBER 5, 2014. National Assembly and the National Minimum Wage. http://sunnewsonline.com/new/?p=89420] AJ

The decision by the National Assembly to leave the wages issue on the Exclusive List has saved Nigeria from labour unrest. This is because, based on the earlier report on the move to shift the responsibility to the states, organised labour, including the Nigerian Labour Congress (NLC) and Trade Union Congress (TUC), had strongly condemned the resolution and vowed that their members would resist the move by embarking on nationwide industrial action. It is good that the matter has been resolved. A national industrial strike will not be in the best interest of the country. The Nigeria Employers Consultative Association (NECA), which represents the private sector, had however applauded the move. NECA argued that since the country was operating a federal constitution, it should cede significant power and responsibilities to the federating states, including the right and power of the component units to determine the minimum wage of their workers. We support the final decision to retain Labour matters and the National Minimum Wage on the Exclusive Legislative List. The Federal Government’s power to fix the Minimum Wage should, however, be exercised in consultation with the states on the ideal national minimum salary, to avoid the confusion that trailed its last review in the country. Allowing state governments to fix their own Minimum Wage will likely lead to confusion and industrial unrest because not all states can be relied on to fix a reasonable sum as Minimum Wage for their workers. Some may choose to pay slave wages, to the detriment of their employees. That is the danger of having the Minimum Wage on the Concurrent List. The arbitrariness it will lead to will not augur well for industrial peace in the country. To avoid such industrial disharmony, there is the need to have a national minimum wage benchmark which every state should endeavour to pay. However, any state that thinks that it can pay its workers above the fixed N18,000 monthly is free to do so. But, on no account should any state pay lower than that sum that cannot even provide the basic necessities of life for any worker, in the first place.

### Kazeem 9

#### Solvency advocate

Kazeem 09 [Written by Ola Kazeem in Lagos. Friday, 20 February 2009. Nigerian workers begin struggle for a living wage. http://www.marxist.com/nigerian-workers-struggle-for-living-wage.htm] AJ

Nigerian workers begin struggle for a living wage

Most Nigerian workers earn miserably low wages. The present minimum wage is set at 5,200 Naira (US$36) per month. The workers have now raised the demand for a 52,000 Naira (US$360) minimum wage, still low compared to international standards, and yet the Nigerian elite complain that this will damage the economy!

Organized labour in Nigeria has presented a demand for a N52,000 minimum wage to the government. This has obviously generated a lot of heat from all quarters. The bourgeois intellectuals have come in their multitude to explain to and confuse the public that this demand is not only unrealistic, but that it is also highly detrimental to the proper functioning of the fragile Nigerian economy. It would lead to inflation and worsen the unemployment figures, so they claim. It is imperative that we highlight their claims and puncture their unintelligent analysis. This article is aimed at doing justice to this.

#### A2 inflation

Inflation can be described as a decline in the real value of money – a loss of purchasing power in the medium of exchange which is also the monetary unit of account. Therefore, what necessitates in the first instance, the need to increase wages is the increase in the rate of inflation and not vice versa. This explains why we always advocate that wage increase should be tied to the rate of inflation. The senseless bourgeois intellectuals who are linking the increase in the salary of workers to general inflation are only trying to cover up the obvious.

How can these gentlemen explain the fact that between 1982 and 1988 there was a wage freeze in Nigeria – suffice to say that in 1985 there was even an official wage cut – and this was the period that witnessed one of the highest rates of inflation of 25%? Despite the present miserable 5,200 Naira minimum wage, why do we have such a high rate of inflation of 19.5%? The present wage demand is therefore absolutely justified and would only redistribute the already existing wealth. It would put some extra purchasing power in the hands of the workers. How can that be negative for the economy? At the root of the present crisis is the fact that there is an impoverished majority of poor along with an extremely small minority of very rich.

#### Part of a struggle against unemployment

The Nigerian workers need to be reminded of the fact that when a struggle for a salary increase is waged, especially during recession as we are in now, the ruling class to maintain its profit levels resorts to mass sacking and an intensification of labour exploitation. How they reacted in the 1980s should always ring in our head. Then, they passed laws freezing the workers’ salary. They reduced the federal and state labour force by almost half.

They will do this again this time unless the leadership of the Nigeria workers takes proactive initiative before them. The ruling class has no other option under capitalism than to further pauperise the Nigerian workers and the poor masses. The first step towards preventing the ruling class from carrying out this obnoxious step is to link the present struggle with a struggle against unemployment.

Unemployment levels in Nigeria are already among the highest in the world, with youth unemployment at 60%, university graduates constituting 25% of total unemployment and with the formal sector only generating 7% of employment for all those in the labour force.The success of the present wage struggle is intimately linked to our successful struggle against unemployment in Nigeria, it is only along this line that the ruling class can be stopped from taking the only option open to them, which is mass sackings.

#### Transitions toward workers’ government

Only a workers’ government can really guarantee a living wage to Nigerian workers

In the long run, no matter the level of minimum wage conceded by the Nigerian ruling class, as long capitalism still remains and power is still firmly in the hands of the present capitalist class, they will always find ways of taking back whatever we win. They will raise all sorts of taxes, they can scrape back whatever they give us through higher levels of inflation, and they will find millions of reason to sack more workers.

What can make the gain of wage increase permanent is for the Nigerian workers to take power from the present crop of degenerate, inept and extremely corrupt ruling class who are the defenders of this senile, barbaric and blood-thirsty capitalist system.

### Aremu 14

#### Productivity is k2 reducing unemployment

Aremu and Nwogu 14 [The Vice-President, Nigeria Labour Congress, Comrade Issa Aremu, in this interview with Success Nwogu. “Expect minimum wage review in 2015 — Aremu.” October 19, 2014. http://www.punchng.com/feature/interview/expect-minimum-wage-review-in-2015-aremu/] AJ

How should the nation tackle unemployment? Nigeria must grow the real sector of the economy. It should revive the labour-intensive industries to create mass jobs. I commend President Goodluck Jonathan the new National Industrial Revolution Plan. The new Automotive Industrial Policy is also commendable. If fully implemented, many car manufacturing plants can spring up to create sustainable industrial jobs. It is sad that many of our children had a B.A, M.D. or Ph.D. But, unfortunately, they don’t have a J.O.B — I mean, they are not employed; they do not have jobs. We must reinvent the real sector of the economy, revive labour intensive industries and get the army of unemployed working. Will this also dovetail into improved national productivity? Yes, it certainly will. We must improve on the nation’s productivity. In 1958, the late Sir Ahmadu Bello said, “My motto for the newborn North is ‘Work and worship.’” We should not consume what we did not produce. We should stop exporting what we should add value to. The most precious input factor in productivity is time and time management. We parade the highest number of public holidays on earth. Some of these holidays legitimise idleness rather than promote decent work with respect to rest.

### Sun 14

#### Still inherent – we raise to 52,000 and status quo is 18,000

Sun 14 [BY OUR REPORTER ONNOVEMBER 5, 2014. National Assembly and the National Minimum Wage. http://sunnewsonline.com/new/?p=89420] AJ

Recent reports of a plan to remove the National Minimum Wage from the Exclusive Legislative List to the Concurrent Legislative List in keeping with the country’s federal structure have been generating diverse reactions from Nigerians. The National Assembly had last week reportedly approved the removal of wages from the Exclusive Legislative List which, in effect, would have scrapped the N18,000 National Minimum Wage, as part of its amendments to the extant 1999 Constitution.

#### States have no authority to implement the aff – minimum wages are on the exclusive legislative list for the federal government

Sun News 11/5 [BY OUR REPORTER ONNOVEMBER 5, 2014. National Assembly and the National Minimum Wage. http://sunnewsonline.com/new/?p=89420] AJ

The movement of the wages issue to the Concurrent Legislative List would have meant that each state government would have the power to fix its own Minimum Wage. The Deputy Senate President and Chairman of the Senate Constitution Review Committee, Senator Ike Ekweremadu, who had earlier justified the bid by the Senate to move the power to fix the Minimum Wage to the states, explained that it was not proper to fix equal Minimum Wage for all the states, when some could afford to pay higher than that. Clarifying the matter, The Deputy Speaker of the House and Chairman, House Committee on Constitution Review, Chief Emeka Ihedioha, said that the National Assembly did not eventually remove the minimum wage from the Exclusive List. He explained that both the Senate and the House later retained labour on the Exclusive List when they passed the new amendments to the 1999 Constitution. According to him, it was the Senate that initially moved labour to the Concurrent List, while the House retained it on the Exclusive List, but a conference meeting of the two chambers ended in the adoption and passage of the House version, with the result that the National Minimum Wage will remain on the Exclusive List and be centrally determined by the Federal Government.

We welcome the decision to retain National Minimum Wage matters on the Exclusive List. It is the right position to take, in order to protect Nigerian workers from poor wages that would be their lot if individual states are to determine the minimum wages for their workers. This is, in fact, the practice in many developed countries where Minimum Wage is determined at the national level. This, of course, does not stop the constituent states or federating units from paying higher than the minimum wage set by the central government to their workers. The United Kingdom, for instance, not only has the compulsory National Minimum Wage, it also has a voluntary National Living Wage based on the amount needed to cover the basic costs of living. There is also a higher minimum wage for its capital city, London.

#### A2 States CP – fiscal approval DA and labor unrest DA

The decision by the National Assembly to leave the wages issue on the Exclusive List has saved Nigeria from labour unrest. This is because, based on the earlier report on the move to shift the responsibility to the states, organised labour, including the Nigerian Labour Congress (NLC) and Trade Union Congress (TUC), had strongly condemned the resolution and vowed that their members would resist the move by embarking on nationwide industrial action. It is good that the matter has been resolved. A national industrial strike will not be in the best interest of the country.

The Nigeria Employers Consultative Association (NECA), which represents the private sector, had however applauded the move. NECA argued that since the country was operating a federal constitution, it should cede significant power and responsibilities to the federating states, including the right and power of the component units to determine the minimum wage of their workers.

#### Justifies the perm

The arbitrariness it will lead to will not augur well for industrial peace in the country. To avoid such industrial disharmony, there is the need to have a national minimum wage benchmark which every state should endeavour to pay. However, any state that thinks that it can pay its workers above the fixed N18,000 monthly is free to do so. But, on no account should any state pay lower than that sum that cannot even provide the basic necessities of life for any worker, in the first place.

#### Private workers key

Instead of tinkering with moving the responsibility for fixing the Minimum Wage to the states, the National Assembly should rather be thinking of extending the implementation of the law to the private sector, to make private sector employers adhere to the stipulated minimum salary for their workers. Workers in the private sector also need to be protected from their employers. All companies operating in the country should have a Minimum Wage benchmark to stop the undue exploitation of private sector workers by both indigenous and expatriate employers of labour operating in the country.

Let the Minimum Wage be binding on the private sector operators to end the slave wage regime among some operators in the sector. Indeed, workers’ welfare should concern the government and the Minimum Wage should be used to address the poor wages paid to Nigerian workers. Fixing of a National Minimum Wage that is binding on all employers, private or public, is the accepted practice in many parts of the developed world. Nigeria should not be different.

### Oche 13

#### States won’t enforce the aff and it causes a loss of trust among labor unions

Oche 13 [Michael Oche. “Nigeria: National Minimum Wage and Its Controversies.” August 13, 2013. http://allafrica.com/stories/201308130192.html] AJ

Yet, the organised labour argues also that if given the opportunity to fix their respective minimum wages, state governments "would not hesitate to pay minimum wages as low as N1,000 to their workers in spite of the huge resources available to them." It will be recalled that it took many years of agitation from organised labour and Nigerians in general before the Senate had to fast track the passage of the bill to amend the National Minimum Wage that provides N18, 000 as the least that could be paid to the lowest paid worker in the country. Before then, the national minimum wage was from N7,500. Specifically, Section 1(1) of the bill states that; "As from the commencement of this Act, it shall be the duty of every employer (except as provided for under the principal Act as amended) to pay a wage not less than the national minimum wage of N18,000 per month to every worker under his establishment." More than two years after it was passed, governors of about 20 states have refused to pay the N18,000 minimum wage. An action which has drawn the irk of various labour unions.

## South Africa

### A2 Employment

#### No employment DA - literature consensus proves and South Africa has unique economic conditions

The standard competitive model predicts that firms will reduce employment in response to the minimum wage, in turn causing a negative employment effect to be observed. However, our analysis above of the effect of the introduction of a minimum wage in a low-wage sector shows no clear evidence that the introduction of minimum wage laws had a significant impact on employment in a given period for the five sectors analysed. Although the results here appear to be at odds with the standard prediction from many earlier studies that found a negative employment impact of minimum wages (Brown et al. 1982; Charles et al. 1983), they are consistent with some of the more recent international studies on minimum wages that do not always find a negative employment effect associated with the minimum wage (Katz and Krueger 1992; Card and Krueger, 1995). We also find some evidence of a significant increase in real hourly wages in the post-law period as a result of the introduction of a minimum wage, and that wages increased more in district councils where pre-law wages were further below the introduced minimum in four of the five sectors examined (Retail, Domestic work, Taxi and Security). The results for the Domestic worker sector are consistent with other South African studies on the impact of minimum wages in this sector, that show that whilst minimum wage laws were not found to have a significant impact on employment, they were associated with a significant increase in wages within the sector (Dinkelman and Ranchhod, 2012; Hertz, 2005). Whilst there is no strong evidence for negative employment adjustments at the extensive margin of labour demand, the results do suggest that the sectoral minima did have some effect at the intensive margin. There is some indication that for sectors where employment continued to rise in the post-law period, notably the Retail and Security sectors, the introduction of minimum wages may have been associated with a reduction in the usual number of weekly hours worked. This result may be indicative of employers adjusting at the intensive margin in order to pay higher wages. Three of the five sectors (Retail, Domestic and Security) showed an increase in real hourly wages that was sufficient to outweigh any adjustments at the intensive margin, resulting in workers in these sectors experiencing an improvement in their real monthly income as a consequence of the enactment of the law. For the remaining two sectors (Forestry and Taxi) the evidence suggests that workers in these sectors may not have been any better or worse off in real income terms in the period following the introduction of the legislation. Ultimately then, through the use of a fairly standard set of econometric techniques, this study has provided an exhaustive set of estimates on the employment, wage and hours of work responses to multiple sectoral minimum wage schedules in South Africa. As an African, middle-income country these estimates are unique in and of themselves. As part of the new minimum wage literature this paper has suggested that the theoretical wage-employment trade-off is not always readily observed in practice, and furthermore, that the medium-term labour market consequences of minimum wage policy are far more varied and unpredictable than most theory would suggest.

## India

### Dalit article

#### Not useful to compare African American oppression with Dalit one

Nico Slate, in his article “Race, Caste, and Nation: Indian Nationalists and the American Negro, 1893-1947” examines similar exchanges between Indian leaders and African American leaders and demonstrates how the Indians insisted that untouchability was a better condition than racism in USA. Slate examines letters and speeches exchanged between these Indian leaders and African American and white American leaders and congregations in order to explore how the example of the Negro in USA was utilized as a comparative model in the untouchable context in India. Slate notes that several Indian leaders, including Gandhi, Lajpat Rai, Netaji S.C Bose, Vivekananda, and Tagore attempted to illustrate how the race structure in USA, including slavery, was a far worse condition than that of Untouchables or the caste system in general in India. Conversely, Ambedkar insisted that the Untouchable condition was worse than racism in

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USA while probably overlooking the racial tensions in pre-1920s America that he witnessed first-hand as a graduate student at Columbia, Slate points out. I believe it is not productive trying to judge which system of socio-political and economic structure is more repressive and which leaders took what stand on the comparison. That these structures have existed and continue to do so, albeit in ways different from the past, seems to be most crucial aspects of both societies. The toll they take and have taken on the identity and dignity of the oppressed people is more important than the comparative advantages or disadvantages of each. It is important to remember that the two societies are very different and that the two systems work differently.

### Neolib Cards

#### Neolib in india

Cross 10 [Cross, Jamie (Goldsmiths College, London). "Neoliberalism as unexceptional: Economic zones and the everyday precariousness of working life in South India." Critique of Anthropology 30.4 (2010): 355-373.] AJ

The economic zones being built across India continue to be imagined and con- ceptualised as unique territorial, juridical and disciplinary spaces by planners, politicians, activists and social scientists. But, in their everyday operation, the continuities and interconnections of these spaces with the wider economy make them decidedly unexceptional. India’s economic zones may indeed be the product of a calculated ‘political exception’ from formal practices of government or citizenship in ways that re-orient territories and populations towards the global market, as Aihwa Ong has shown. As I have argued in this article, however, the language of exceptionality ignores the significance of ‘informality’ or ‘precarity’ as a basis for industrialization in emerging global economies; it ignores how these spaces are structurally embedded in the wider economy; and it essentializes the political status of working subjects inside the zone. India’s new economic zones are not closed or bounded systems. On the contrary the precariousness of work, the porosity of its boundary and the politics of citi- zenship inside the zone re-creates the character of working life outside. First, because the successful operation of a zone like VSEZ hinges on an array of casual, insecure and unprotected labour relationships; that includes people involved in construction and maintenance as well as manufacturing. Second, because global manufacturing units like Worldwide Diamonds depend on the structural continuities, ties and connections to alternative sites of labour and sources of income that permeate the factory walls. And thirdly, because the polit- ical status of working subjects in India is never that of inalienable rights and enti- tlements, and their contextualized struggles for economic citizenship take a similar form, whether inside or outside an economic zone. The most significant achievement of India’s new economic zones, then, is to render visible and to legitimize the conditions under which most economic activity in India already takes place. What is the absence of regulation by state institutions in India’s informal economy (e.g. Harriss-White and Sinha, 2007) is sanctioned as de-regulation or re-regulation in the economic zone. What is the lack of social protections for workers in the informal economy is institutionalized as ‘flexibility’ (Kabeer, 2000) inside the zone. And, what is the common condition of ‘insecurity and precariousness’ for a majority of Indians working in the informal economy becomes legitimized in the offshore economy as a mode of capitalist production and labour control (Bourdieu, 1998). Indeed, we might well say that in India the de jure neoliberal exception is the de facto political and economic norm. The application of market-oriented modes of government to discrete spaces and populations may constitute a ‘neoliberal excep- tion’ in juridical and discursive terms, but it is the reproduction of ‘precariousness’ in these spaces and in the lives of zone workers that makes the net result of actually existing neoliberalism so resolutely unexceptional.

#### Indian neolib

Kalleberg 12 [Kevin Hewison1 and Arne L. Kalleberg, University of North Carolina at Chapel Hill. Precarious Work and Flexibilization in South and Southeast Asia. American Behavioral Scientist 57(4) 395–402 © 2012 SAGE Publications] AJ

A striking feature of these country studies is that they indicate a pattern of employ- ment development that appears different from the past. There has been a tendency to consider the economic development of the West as a defining pattern where, at least in terms of modernization theory, it has been assumed that economic growth eventually produces a more affluent worker. Growth leads to the establishment of a mass con- sumption society where workers are integrated as the consumers necessary for the maintenance of the capitalist economy. Workers do better and work becomes less grossly exploitative. Indeed, the very notion of an informal sector assumes a transition to formal employment as “surplus labor” is absorbed and wages rise (Lewis, 1954; Ranis, 2004). This pattern may see some support in the experience of industrialization in Japan, South Korea, and other “late developers,” as we showed in the issue of American Behavioral Scientist on “Precarious Work in East Asia.” In these relatively highly industrialized countries, precarious work is largely experienced as a recent development to deal with demands for flexibilization, international competition, and economic downturn and restructuring. The experiences of the countries of South and Southeast Asia are different. In each case, workers are moving from the agricultural sector to the industrial and service sec- tors. However, these latter sectors have already been subject to processes of flexibili- zation and are characterized by the extensive use of precarious forms of employment. Industrialization in these countries is taking place in the context of international com- petition in global production chains and the enormous expansion of service sectors, both requiring flexible employment. This means that uncertain, unstable, and insecure employment practices are the “standard” and generally not a wholesale transformation of previous patterns. These practices are implemented to reduce costs and maximize flexibility for employers competing globally. In addition, in several of these countries, there are small groups of workers in the so-called modern or formal sector who have had some benefits, relative security, and even access to collective bargaining. However, each article shows that this small formal sector is undergoing rapid informalization at the same time that the informal sector is persisting and expanding. It is in this context that “precarious work” is a potentially more useful conceptualization than binaries like informal sector/formal sector and nonstandard work/standard work for describing the transformations in work that are taking place in these countries.

#### Continued:

Economic liberalization has been implemented in Thailand, India, and the Philippines in such a way that it is not surprising that real wages have been stagnant or declining, often despite increased labor productivity. Whereas the Thai case has seen some state-sponsored amelioration of this wage trend through the establishment of broader social security and universal health care, the rapid growth of the service sector and of labor outsourcing/dispatching means that up to three quarters of the population are missing out on social security. Sri Lanka, which has had considerable legislation that is socially protective since colonial times, has seen a similar failure of inclusion as employment patterns have changed. It is not surpris- ing that several of the articles call for the development and expansion of state-mandated social welfare systems. For precarious workers, the insecurities and instabilities that result from flexibiliza- tion and casualization have important consequences. The consequences for workers include being deprived of ever more of the protection afforded by labor legislation, especially for those without permanent contracts; being engaged in increasingly intense work patterns that expose them to increased health risks; and being delinked from labor unions and collective bargaining.

### Cards

#### Solvency/A2 Informal Sector - India’s situation is unique – a high proportion of workers are wage earners and minimum wage solves informal sector as well

Rani 12 [Uma Rani (ILO) and Patrick Belser (ILO). “The effectiveness of minimum wages in developing countries: The case of India.” International Journal of Labour Research, Volume 4, Issue 1, 2012] AJ

The relatively weak effectiveness of minimum wages in India documented in the previous section does not mean that minimum wages have no posi- tive effect. In fact, our earlier analysis of the data for 2004–05 (Belser and Rani, 2011) shows that being paid the minimum wage – and controlling for all personal characteristics – reduces the probability of being poor by about 10 per cent. The same analysis reveals that being paid the minimum wage is the third most important factor in reducing the poverty risk for wage earners after education and geographic location. These findings dispel the stereotype sometimes held among developed-country academics that minimum wages only benefit workers from the formal economy who live in non-poor fam- ilies. In reality, in India as in other developing countries, a relatively high proportion of the poor are casual wage earners, both in rural and urban areas. Our earlier analysis for 2004–05 showed that about 30 per cent of salaried workers and 40 per cent of casual workers who earn below minimum wages live in poor families, and that among the wage earners living in poor families about 50 per cent earn less than the minimum wage. This confirms the huge potential of minimum wages to contribute to poverty reduction and indicates that making minimum wages more effective is a worthwhile challenge.

#### Case solves poverty – prefer my evidence on specificity and since it accounts for everything

Rani 11 [Belser, Patrick, and Uma Rani. "Extending the coverage of minimum wages in India: Simulations from household data." Economic and Political Weekly 46.28 (2011): 47-55] AJ

Full coverage of minimum wages would not only reduce ine- qualities across and within sectors, but would also reduce the gender wage gap. We estimated two earnings functions with the log of actual daily wage earnings, adjusted national minimum wage daily earnings for 2004-05, and the exponential of the sex coefficient provides an estimate of women’s adjusted relative wage. The analysis was done for salaried and casual workers sep- arately. Both the earnings functions are controlled for age, expe- rience, schooling, occupation, industry, caste, size of the firm, region and state dummies. The results reveal that, if all workers receive at least minimum wages, among salaried workers, the gender wage gap would narrow from 0.84 to 0.90, that is, by 6 percentage points. Among casual workers, the wage gap would narrow from 0.74 to 0.92, by 18 percentage points. Thus, we find that if minimum wages were to expand to all workers, the impact would be enormous for female casual workers. 3.3 EffectsonPovertyReduction Has the minimum wage the ability to help workers who live in poor households? In the literature, it is often argued that minimum wages benefit workers in the formal economy who usually live in non-poor families. However in India, as in other developing coun- tries, a relatively high proportion of poor, low-skilled people in both rural and urban areas are wage-earners. Our analysis of Indian data for 2004-05 shows that about 30% of salaried workers and 40% of casual workers who earn below minimum wages belong to poor families (and that among the wage-earners belonging to poor fami- lies, about 50% earn below the minimum wage). If these poor work- ers were to receive at least the minimum wage, it would presumably help them and their families move out of poverty. In our simulations, we can estimate the potential impact of extending the coverage of the national minimum wage floor on workers’ probability of being poor (that is, living in poor house- holds). Our findings show that for salaried workers, the fact of being paid below the minimum wage currently increases the probability of being poor by 9% to 10% compared to otherwise similar workers (Table 6, p 52). For casual workers, not receiving the national minimum wage raises the probability of living in pov- erty by 7% to 8%. These results indicate that the enforcement of national minimum wages would reduce the probability for wage-earners of being poor by anywhere between 7% and 10%.9 Similarly, complete coverage of state-level minimum wages would reduce the probability for wage-earners being poor by 3% to 6%. The marginal effects of the probit estimates also bring out that the minimum wage is the third most important factor in reducing the poverty risk for the wage-earner household after education and location, if extended to all workers. Clearly this is a significant effect and strongly suggests that minimum wages, whether national or state level, may help in lifting a significant number of low-income families out of poverty.

#### No unemployment

Rani 11 [Belser, Patrick, and Uma Rani. "Extending the coverage of minimum wages in India: Simulations from household data." Economic and Political Weekly 46.28 (2011): 47-55] AJ

Our simulations have not yet discussed any potential employment- displacing effect of minimum wages. The implicit assumption in our analysis, so far, has been that minimum wages redistribute in- comes without hurting employment. This is not entirely unrealis- tic. One recent view is that standard neoclassical economics has probably overstated the adverse effects of minimum wages on em- ployment. Based on an assessment of recent academic literature, more than 650 economists, including five Nobel Prize winners and six past presidents of the American Economic Association, issued a statement in which they consider that higher minimum wages “can significantly improve the lives of low-income workers and their families, without the adverse effects that critics have claimed”.10 A recent ILO publication (2008a: 44-45) also considers that if set at a reasonable level, minimum wages “can increase the number of workers with access to decent wages and reduce the gender pay gap with little or no adverse impact on employment levels”. Keynesian arguments suggest that minimum wages may even have positive employment effects if they contribute towards raising household consumption and overall aggregate demand (Herr, Kazandziska and Mahnkopf-Praportnik 2009: 25).

### Neolib Cross 10

#### Indian neolib through spaces

Cross 10 [Cross, Jamie (Goldsmiths College, London). "Neoliberalism as unexceptional: Economic zones and the everyday precariousness of working life in South India." Critique of Anthropology 30.4 (2010): 355-373.] AJ

Economic zones or enclaves in Latin America, Africa and Asia have been per- sistent ‘problem spaces’ for anthropology. Zones were once key locations for enquiries into the cultural and gender politics in global production networks (Mills, 2003; Nash and Fernandez-Kelly, 1983; Ong, 1983; Pun, 2005; Salzinger, 2003; Wright, 2006). Today they have gained conceptual currency as unique terri- torial spaces in which a particular configuration of techno-scientific expertise and economic rationality oriented to the global market heralds the fragmentation of national sovereignty (Collier, 2006; Ong, 2006, 2007; Ong and Collier, 2005; Palan, 2003). A zone like VSEZ can be read in precisely this way. The snapshots presented above all show a space that is de-contextualized and segregated from the nation beyond its perimeter wall, governed by a political regime that is entirely inward- looking and whose proclamations of hard work as a ‘moral, personal and social good’ (Rose, 1999 [1989]: 103) serve the interests of transnational capitalists.

This reading has come to prominence in the recent work of Aihwa Ong (2006, 2007). In Ong’s work the economic zone ‘materialises’ the ‘neoliberal exception’. By this she means a strategic deviation by a sovereign power from a broader landscape of rule in ways calculated to create new economic possibilities, spaces and technologies for governing the population oriented by the global market (Ong, 2006: 7). In Ong’s account the economic zone is a unique space, ‘a country within a country’, that has been carved out from the territory of the nation, ‘encoded’ for economic freedom and entrepreneurial activity (2006: 19). People working inside this space are governed solely in relation to their potential for growth and productivity. Waged blue-collar workers are subject to overt forms of capitalist work discipline and repressive laws, frequently abused, denied minimum wages and the most basic social protections, and stripped of their inalienable legal rights (2006: 79). Shown in this light Ong’s economic zone shares an affinity with other spaces – like Caldeira’s (2000) gated communities and Taussig’s island states – in which architects: ‘hold the world in their hands, play with it, observe it from different angles, provide it with different fates’ and ‘fulfil their fantasies of control’ (2004: 294).

The array of maps, models and messages in VSEZ all mark this as a unique terri- torial, juridical and disciplinary space. In this article I argue, however, that the lan- guage of neoliberal exceptionality is inadequate for understanding how economic zones actually operate in contemporary India, where they are rapidly proliferating. Drawing on ethnographic research carried out in and around VSEZ between 2004 and 2009 I develop a critique of Aihwa Ong’s reading of these spaces. My argument is concerned less with zones in their conception and design than in their everyday oper- ation. If much of India’s economy is marked by the absence of the state, if most people work without protection and security, and a majority of Indians do not experience citizenship as their inalienable entitlement to recognition, rights and protection, then what exactly would economic zones represent an exception from?

Between the early 1970s and the late 1990s India’s central government sanc- tioned nine ‘export processing zones’ (EPZs) in mega-cities or major ports includ- ing Mumbai, Chennai and Vizag. These early zones were centrally planned, public undertakings and they offered investors purpose-built factory units, office and administration facilities, upgraded transportation links, subsidised electricity, water and telecommunications as well as long-term exemptions from taxes on imports, exports and profits. In 2000 a coalition government led by the right wing Bharatya Janata Party announced a new policy for the creation of ‘special economic zones’ (SEZs). The zones were to act, in the words of former Prime Minister Atal Bihari Vajpayee, as ‘policy laboratories’ that could pioneer the free- doms from government controls and labour laws that neo-liberal economists and business lobbyists considered the final structural impediments to growth in India’s manufacturing economy. Between 2005 and the time of writing, the Government of India had approved some 700 new zones to be built under public private partner- ship agreements or by private real-estate houses. This phenomenon is nowhere more apparent that in Andhra Pradesh, which has more planned and operational zones than any other Indian state.

Since 2004 I have conducted research in and around the economic zones being built in coastal Andhra Pradesh. My research has included a one-year apprentice- ship at a diamond processing facility inside VSEZ as well as ethnographic fieldwork in highway townships, peri-urban villages, and zone resettlement colonies. While these zones might look like unique territorial, legal and discursive spaces from what Ong calls her ‘low-flying analytical angle’ (2006: 13), I suggest that they look like business as usual from what anthropologists of the Indian economy have called a ‘worm’s eye view’ (Parry, 2000). From the bottom up, India’s zones are better theorized as unexceptional spaces that make legible, legitimate and visible the conditions of informality and precariousness under which most economic activity already takes place in South Asia. The zones may well be the product of ‘neoliberal imaginaries’ (Stivens, 2007) but these visions are never ‘wholly realized’ in execu- tion (Castree, 2007) and the precarious political and economic regimes they create are neither ‘particularly new nor novel’ for the majority of people they employ (Kingfisher and Maskovsky, 2008).

#### No distinction b/w spaces and non-spaces

At each of these sites can be found Telugu-speaking men and women from heterogeneous caste communities, who were born and brought up in the coastal districts of Andhra Pradesh. Like people employed at similar sites across India, they are employed on a casual, irregular and informal basis, enjoying little stability or security, few guarantees of a regular wage, welfare or social protection from either their employer or the state, no inalienable rights or entitlements, and are compelled to combine different sources of income in order to meet their social and material needs (De Neve, 2005: 8–9). An estimated 90 percent of livelihoods in India take place under similar conditions, in what economists, sociologists and anthropologists continue to call the ‘informal economy’ (Breman, 1994; Harriss- White, 2003). Informality here is not a marginal, ‘residual’ or ‘transitional’ phe- nomenon but a ‘fundamental political-economic processes’ (Portes et al., 1989: 13) that has been and continues to be integral to India’s capitalist development (Harriss-White and Gooptu, 2001).

When the road reaches VSEZ there is no sudden break or shift in the landscape of labour. Work inside the zone is entirely contiguous with casual, insecure and unstable work outside it. On either side of the zone’s boundary wall live migrant communities of casual workers who are employed to construct or mend the zone’s physical infrastructure; and, every day, a diverse range of self-employed builders, electricians, decorators and handymen, accompanied by their paid assistants, enter and leave the zone to service its buildings. While critical social scientists and labour activists continue to focus on the experiences of global factory labourers in this offshore economy, the very existence and everyday operation of the zone as an economic space also depends upon those who are employed to construct and main- tain it. This workforce is not subjected to any of the novel kinds of capitalist work discipline or market-oriented modes of bio-political government that Aihwa Ong associates with the zone. Instead, the relationships of caste, kinship and gender around which labourers in the zone’s construction and service industries are organized, and their informal conditions of work, only serve to emphasize the transactional and structural continuities of economic life inside the zone with life outside.

Visiting dignitaries to VSEZ are invariably given a guided tour around the ‘standard design factory’. This is a sun-bleached, four-storey, 8000 square foot complex that houses the zone’s high-profile export-manufacturing companies. Away from this complex, however, most visitors would be hard pressed to recog- nize the planned and orderly world represented in maps and models of the zone, and VSEZ appears to be in a state of permanent reconstruction. Cracked roads scattered with loose debris and rusty containers lead to vacant structures or build- ing sites.

In 2005 work was under way on a second factory complex, twice the size of the first. Like all building projects inside the zone this one had been put out to tender and subcontracted to whichever private developer submitted the best bid or offered the most lucrative backhanders. In turn, the private developer subcontracted the recruitment of labour to a local contractor. Projects like this are a key source of work for the seasonal labour migrants ‘hunting and gathering’ (Breman, 2004) wages in the peri-urban economy. Every year an estimated 30,000 people move between the poorer administrative districts of north-coastal Andhra Pradesh and the city’s industrial hinterland, leaving their villages during slack agricultural months and returning home to labour in the fields during harvests (Amis and Kumar, 2000).

The construction workers on this site inside the zone included an itinerant band of men and women from an ex-untouchable or scheduled caste community of Madigas, who had travelled to the city from the adjacent coastal district of Srikakulum, four hours’ north of Vizag by train. They lived inside the zone in a temporary encampment of tarpaulin shelters that was propped up against the perimeter wall. Of course, settlements like these go unmarked on any map of the zone. Like most labourers in South India’s construction industry the Madiga labourers in VZEZ had been hired on a casual basis, paid at the local market rate for day labour in the construction industry (100 rupees a day in mid 2005), and offered no guarantees of security or protection beyond the immediate patron- age of their contractor, with whom they were in a weak position to bargain.

When the zone’s units had been constructed, their functioning and maintenance was arranged through a similar set of arrangements. In mid 2009 a small commu- nity of ten Uppara caste families, 27 adults plus children, were living on scrubland just outside the zone’s entrance. Their plastic-sheeted homes were pitched 15 yards from a major railway track and underneath the flyover that carries heavy vehicles into the zone. For the past five weeks they had been digging trenches inside the zone to lay broadband cables for a telecommunications company. This was one of 15 ‘batches’ or ‘clans’ of Uppara men and women from the same village in Vizag’s rural hinterland roaming coastal Andhra Pradesh in search of work. For a couple of months before I met them they had been working 80km away, digging the foundations for a shopping mall. In the previous year they had spent six months working inside another SEZ, digging up grass, laying concrete and fixing rivets for a Sri Lankan company that was building a massive offshore apparel park. Local rates for this kind of ‘earth work’ are paid by the cubic metre, not by the day. This allowed them to be flexible about their work timings and to down tools for several hours at noon to escape the heat of the midday sun.

For these Uppara labourers, SEZ projects were sourced, paid and overseen in the same way as any other. While other labour gangs in coastal Andhra might be composed of people from different castes, this Uppara community strove to main- tain the social integrity of the work group, and each ‘batch’ was composed only of people from the same sub-caste. ‘We’ll only work with people we know, people who are our relatives, our people.’ One of the adult men acts as the group’s maistry and he takes responsibility for finding work. He chases up local leads and is in regular contact by mobile telephone with the village’s other batches, which together act as an employment information service, sharing tips on new contracts across the region. It is the maistry who negotiates with subcontractors on behalf of his batch and, in an off-season when work dries up, he will keep people afloat with small cash advances.

For all intents and purposes – and certainly from the perspective of these casual labourers who move in and out of VSEZ to construct and maintain its physical infrastructure – the terms and conditions of work inside the zone do not funda- mentally differ from the conditions of work outside it. The zone exists in a seamless landscape of unstable, insecure or precarious work. The boundary wall represents little more than seven feet of bricks and mortar that must be circumnavigated; and the material world to be found on either side is very much unchanged. neoliberalism’. On the outskirts of a city like Vizag, however, these are the exceptions that matter; precariousness is normal.

#### No citizenship

In her formulation of zones as archetypes of the neoliberal exception, Aihwa Ong echoes the concerns of human rights organizations, social-political activists and trade unions in India. Zones are significant, she argues, because inside them the state invokes the neoliberal exception to de-link or ‘disentangle’ citizenship rights and entitlements from its territory. The market, as she puts it, ‘mutates’ citizenship. Market-oriented calculations, she argues, ‘fragment citizenship for people who are all citizens of the same country’ (Ong, 2006: 84), attaching different values to dif- ferent categories of person. But what are we to make of these explanations if citizenship is not a given? What happens to citizenship inside the SEZ if citizenship is not guaranteed or assured outside it?

In this section I draw on Partha Chatterjee’s (2004, 2008) argument that most Indians are not citizens; or do not enjoy the inalienable rights and entitlements and status associated with formal ideals of citizenship. While the norms of liberal polit- ical philosophy and the idea that all humans are bearers of rights are enshrined in the formal, legal and political facts of citizenship in India, Chatterjee argues, this is not how things actually work in practice. ‘Most of the inhabitants of India are only tenuously, and even then ambiguously and contextually, rights bearing citizens in the sense imagined in the constitution’ (Chatterjee, 2004: 38). While the majority of Indians may have the formal status of citizens capable of exercising electoral fran- chise this is not, Chatterjee suggests, how they are treated by governmental agen- cies. Instead they are first and foremost political subjects, who must struggle to achieve recognition as citizens by making claims on government.

As a consequence, Chatterjee argues, what we think of as civil society in India is better conceived of as ‘political society’. People are governed ‘not within the frame- work of constitutionally defined rights and laws but rather through temporary, contextual and unstable arrangements arrived at through direct political negotia- tions’ (Chatterjee, 2008: 57), the results of which are ‘never secure or permanent’ and their ‘entitlements, even when granted, never quite become rights’ (2009: 58). India’s economic zones, I would suggest, are characterized by precisely these same kinds of contingent, contextual struggles for citizenship.

Payday in Worldwide Diamonds was a public event. Two personnel managers carried a folding wooden table, metal box and receipt book around the factory, setting up their stall in one department at a time. In preparation A’s blocking section, blue-uniformed polishers like Reddy and Chinni would wait for a vague nod from Patnaik, their section monitor, before leaving their machine table to stand in line for white envelopes containing notes, coins and a printed wage slip. Back in their work sections, production slowed down as people milled around the work section to compare earnings. Wage envelopes were opened, rupees were removed, held up as if they were prizes for people at adjacent tables to see, and then the pay slips were passed around as people inspected the list of deductions from their gross monthly wage.

Former workers remember payday as a particularly depressing event: ‘I might have forgotten how much I was earning during the month, when I was enjoying working with friends, but on the day we got paid I used to feel like crying at how little they gave us.’ Just as payday made earnings visible to workers, it made work- ers visible to the state. Every factory worker in Worldwide Diamonds contributed a nominal 1.7 percent of their gross income to a state health insurance scheme for registered employees (ESI). In addition, from the day they entered the registered workforce every employee was eligible to join a savings or ‘provident-fund’ scheme to which the company was obliged to make a contribution. Furthermore, every contracted worker above the level of trainee paid a token ‘professional tax’ of 0.08 percent per month on his or her earnings. To be a taxpayer is to be made visible to the state as an economically productive subject.

When young men and women leave sources of irregular, unwaged or casual work in semi-rural villages and highway townships across Vizag’s hinterland to enter the industrial labour force as full-time shift-workers in an offshore diamond factory a subtle and nuanced process takes place, in which they trade their labour power not only for money but also for visibility and recognition vis-a-vis the Indian state. The economic zone is not a site where the citizenship of workers is suspended but, counter-intuitively, a site in which citizenship is constituted. Just as the sale of body parts and organs in South India brings with it a degree of political recognition through which people can negotiate and claim citizenship (Cohen, 2005), so too the sale of the body as labour power and submission to capitalist work discipline inside India’s SEZs offers an entry point to citizenship. Factory labour inside the zone is tied to forms of visibility and recognition that constitute the individual as an eco- nomically productive working subject and which become the basis for particular kinds of political claims for rights and entitlements.

On 9 January 2002 the managing director of Worldwide Diamonds collected an award for ‘exporter of the year’ from the government of Andhra Pradesh. In seven years of operations the unit had become the single biggest outsourcing facil- ity for the global diamond industry in India, one of the highest-value exporters in the state of Andhra Pradesh, and the largest private sector employers in Vizag. That same day 350 Telugu-speaking workers, employed to sort and polish dia- monds in a part of the factory operated by the company’s largest client, went on strike.

On 10 January police charged the group of striking workers as they rallied outside the zone’s administrative building to demand that managers adhere to basic labour laws, and made several arrests. In the strike’s aftermath, two diamond polishers were sacked, seven were suspended, and fines of between 100 and 700 rupees were imposed on 22 others. This strike was one of the largest yet to have taken place inside India’s special economic zones and briefly made Worldwide Diamonds a cause ce ́le ́bre for India’s leftist labour movement. The Centre for Indian Trade Unions (CITU) – a nation-wide labour federation aligned with the Communist Party of India – used the incident as an important focus for their opposition to policies of liberalization that drew critical attention to the labour regimes emerging in India’s offshore economy. Labour activists from the CITU presented evidence for the brutality of the company’s managers and the suppres- sion of organized labour in pamphlets, news magazines and reports to international labour solidarity networks, and, in a test case, they submitted a complaint about the infringement of trade union rights in the zone to the UN International Labour Organization (ILO) in Geneva. This complaint set in motion a legalistic process of investigation, as the ILO’s resident experts and external academics attempted to establish whether the legal facts of this case contravened the rights to ‘freedom of association’ and ‘collective bargaining’ that it identifies as universal.

The significance of the zone as an entry point to citizenship – rather than simply a space in which people are subjected to a regime that suspends their rights and entitlements for a wage – is nowhere more apparent than in the aftermath of this strike. In the cutting and polishing sections of the preparation department, where I worked, for example, the rationale for collective action or labour strikes was con- cerned solely with eliciting the intervention of the state government. Demands by workers for protection, security and welfare called upon the state government to declare their case an exception from the norm, by asserting themselves as visible, ‘economically productive subjects’ who were eligible for special treatment. Their mobilization was always concerned with a very narrowly defined group: those people whose labour power had been ascribed a specific specialized role in the process of commodity production and whose lack of knowledge and control over this production process placed them in a structural relationship to transna- tional industrial capital. This narrow definition failed to account for, ignored or excluded the diverse categories of labourer found around the zone, including those people involved in construction or maintenance.

Rather than see SEZs as spaces in which the rights and entitlements of economic citizens are being withdrawn or citzenship is mutating, Chatterjee’s argument com- pels us to see the zone as a space in which claims to citizenship are actually being made. In VSEZ, for example, the sale of labour power to Worldwide Diamonds made the individual visible to the state, bringing them a degree of recognition as a political subject and creating an opening for particular kinds of political claims- making. These claims enlisted a range of actors, including national and transna- tional organizations, and drew upon the register of international labour rights. As Chatterjee writes, in political society there is no ‘equal or uniform exercise of cit- izenship’; people are born subjects and must become citizens. The success of their claims for rights and entitlements ‘depends on the ability of particular population groups to mobilize support to influence government policy in their favour’, in alliance with other groups or powerful and influential actors, political parties and celebrities.

If a refusal of these demands and an unwillingness to respond to appeals from zone workers for benefits and protections delineates the contours of the neoliberal state, there is nothing particularly ‘exceptional’ taking place. Instead, as Chatterjee shows us, this is how citizenship is always constituted in India’s political society: through contextualized struggles and claims that are never assured or guaranteed.

### Precarity – Hewison 13

#### Higher labor costs create uncertainty for workers even if their jobs aren’t loss – precarity is the key internal link to women’s rights

Kalleberg 12 [Kevin Hewison1 and Arne L. Kalleberg, University of North Carolina at Chapel Hill. Precarious Work and Flexibilization in South and Southeast Asia. American Behavioral Scientist 57(4) 395–402 © 2012 SAGE Publications] AJ

It is important to understand how precarious work is changing not just the way people work but also the way that they live. As Kalleberg (2009, p. 1) explained it, “Work is a core activity in society. It is central to individual identity, links individuals to each other, and locates people within the stratification system.” Without regular and predictable employment, precarious workers also experience forms of social precarity (Seymour, 2012). Income generation is maintained as an endeavor that involves an extended family. Other families may be shattered as migration for work and income generation become family survival strategies, with both rural-urban and cross-border migration being significant in the Asian region. Educational and housing stability become difficult to maintain. Social exclusion may also result from unemployment, precarious employment, poverty, and inequality (Bayón, 2006). In this issue of the American Behavioral Scientist, we examine the origins, extent, nature, and consequences of different forms of precarious work in six countries in South and Southeast Asia. The articles in this issue consider the middle-income econ- omies of Thailand, the Philippines, and Indonesia; the rapidly developing late-developers of India and Vietnam; and Sri Lanka where, until recently, a long civil war has ham- pered sustained development. These countries differ both in their level of develop- ment and in their historical trajectories and cultural traditions. These varied trajectories mean that the growth and persistence of precarious work will have different patterns in each country. A striking example of difference is seen in the dependence of the Philippines and Sri Lankan economies on the remittances of overseas workers, reach- ing 8% to 12% of GDP in 2010 (World Bank, 2011). Whereas remittances to Vietnam are rising, none of the other countries in this issue show such dependence. Yet even while acknowledging differences, there are also similarities among these countries in precarious work and its correlates. The articles in this issue outline the range of strategies that have provided employ- ers with greater flexibility in hiring and firing and on the conditions of employment, and have also allowed for limiting and denying workplace protection and worker rights. They indicate patterns across the region where precarious forms of employment are used to reduce costs, reduce the permanent workforce, and maximize “flexibility” for employers. The most common precarious employment practices include the use of short-term contracts; casualization; a widespread use of labor supply agencies; putting- out systems; and the use of migrant workers, domestic and foreign. The articles note that these strategies have also been used to restrict collective bargaining and to further reduce the (already limited) power of unions. At the same time, several of the articles also indicate that workers and unions are responding to these changes and challenges with legal action, workplace activism, and political struggle, with Thailand and Indonesia being two prominent examples. As flexibilization and precarious work are “normalized,” critical challenges emerge for the governments and workers of all Asian countries. As these economies have developed and industrialized, capitalist relations of production have become dominant over relatively short periods of time. Growth and capitalist relations have been accom- panied by extensive economic and social transformations that have seen urbanization, demographic change, remarkable increases in national wealth, and so on. Economic change in Asia has been indubitably associated with the massive shifts that have taken place in global patterns of production and investment. Hence it is no surprise that the economies of the Asian region, at significant nodes in global production chains and networks, have seen considerable competitive pressures that have promoted the move- ment to precarious forms of employment. “Precarious work” is not a term that has come into regular use in any of the coun- tries represented in this issue of the American Behavioral Scientist. This is so even as the number of workers engaged in work that is uncertain, unstable, and insecure has grown. In all of these countries, state, labor, and academic attention has remained focused on the so-called informal sector. The data presented in the articles show that the “informal” sector is very large—ranging from more than 60% to 90%—and gener- ally expanding in these countries. Although it is true that most of those experiencing uncertain, unstable, and insecure work in these countries continue to be those employed in the agricultural sector, each country also reveals important processes of informal- ization that are occurring within what was once the “formal” sector.

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### Besler and Rani 11

#### Prefer

Rani 11 [Belser, Patrick, and Uma Rani. "Extending the coverage of minimum wages in India: Simulations from household data." Economic and Political Weekly 46.28 (2011): 47-55] AJ

In spite of these limitations, our paper provides some of the first benchmark figures on the potential benefits of minimum wages. Our simulations highlight the fact that by providing an effective backstop for wages, a minimum wage can compress inequality and, in particular, reduce the distance between the low paid and those in the middle of the wage distribution. An important effect of an extended minimum wage would be a sharp reduction in the gender pay gap. We find that if all workers receive at least mini- mum wages, the average wages of women compared to men would increase from 84% to 90% for salaried workers and from 74% to 92% for casual workers. This effect does not arise because women are over-represented among workers with sub-minimum wage. From our data set, we calculate that women represent about one-third of all wage-earners and also about one-third of the sub-minimum wage population. Rather, our strong results stem from the fact that, even among sub-minimum wage work- ers, women are paid lower wages than their male counterparts. Lifting all wages to the mandatory minimum would eliminate inequality among the lowest paid.

Significant impacts can also be expected on the number of wage-earners who live in poverty. Although the literature has often questioned the relevance of minimum wages to the pov- erty debates, our analysis shows that – among the sub-minimum wage population – more than one-third of wage-earners actu- ally live in poverty. Hence, the minimum wages is a policy tool that can reach directly into poor households. With the actual number of days worked kept constant, we find that the payment of a national minimum wage would reduce low-paid workers’ probability of being poor by 8% to 9%. In case of a large decline in days worked, this effect is reduced, but remains positive and significant.

For all these reasons, an extension in the coverage of mini- mum wages, either through a national minimum wage floor or through state-level minimum wages, might bring worthwhile social benefits to India. Although we recognise that a minimum wage is not ideally targeted nor necessarily the most cost- effective way to achieve poverty reduction, we consider that the combined effects on inequality, poverty and the gender pay gap at low fiscal costs make it a useful instrument. In a country such as India where the majority of wage workers have no access to social security benefits – and where many types of income- transfer programmes remain unrealistic – extending minimum wages to the whole labour force would be a step towards more social justice.

### Singh Dalit Feminism

Singh 11 [(Ashish Kumar Singh) “Caste – the Actual Cost of Empowerment? Dalit Women & NREGA- A Study of the Poverty, Social Exclusion & Shame Nexus”] AJ

Ashish Kumar Singh, Caste – the Actual Cost of Empowerment? Dalit Women & NREGA-

A Study of the Poverty, Social Exclusion & Shame Nexus

#### NREGA good – case studies

An article published in The Frontline magazine (Jan 3-16, 2009) discusses features of National Rural Employment Guarantee Act (NREGA). This scheme gives an employment guarantee to poor in India. The extent of poverty for a large number of people is so severe that even meager wages for survival seems a distant dream to many. NREGA tries to support people in this situation. NREGA promises 100 days of labour to every household in India. Although 100 days of labour is still an unaccomplished dream but the programme has increased number of days of employment available for poor significantly. Also the performance of the scheme varies a lot in different states. In the multiplicity of views regarding success and failures of NRGEA, authors examine the situation in the light of selected critical parameters.

The social background of NREGA workers revealed that significant number of beneficiaries belonged to the lowest strata of society in economic as well as social terms. Therefore self- targeting (self-selection) element of the scheme worked on the right direction. Further, survey finding showed that there was a good demand of NREGA works and only a small per centage of that was met by the scheme. Average number of days of work in India was only 16 in 2007-08. Although because of the low scale of scheme, the impacts were also limited, yet there was a good demand for the scheme. The reasons for unsatisfactory results of the scheme

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were further explored as low awareness about the scheme among levels among poor. Rajasthan, which was a comparatively better performing state for NREGA, had better awareness levels too (ibid).

Authors (ibid) argue that NREGA is designed on a right based approach, which would not be effective with poor awareness levels. Also it was observed that awareness tend to be higher where some sort of collectives for poor were operational. Survey results also showed that NREGA is perceived as a very important scheme, which has brought significant change in the lives of poor. Authors suggest that as awareness levels would increase with passage of time, so would the impacts of the scheme.

Case studies from different states – a comparison

Kerala

Kerela has one of the highest unemployment rates in India (national unemployment rate-) but compared to other states most of the unemployed are educated (Vijayanand and Jithendran, 2008. 1). However, the recent data presented by National Sample Survey Office shows the decline in unemployment rates in Kerala. The Hindu (Jun 2011) quotes Dr Isaac (Ex-Finance Minister of Govt of Kerala) that the rural unemployment has come down from 15.8 per cent in 2004-05 to 9 per cent in 2009-10 He said that in the rural areas, 8.3 per cent of the grownup male population was unemployed as per the 2004-05 sample survey. This proportion diminished to 3.8 per cent as per the 2009-10 sample survey. Among rural women, the unemployment rate decreased from 30.9 per cent to 21 per cent during the same period. This report cites him again while talking about the employment participation in rural areas (34.3per cent in 2004-05 to 35.3 per cent 2009-10). According to this report these trends were attributed to employment guarantee scheme [NREGA] among other government schemes.

Vijayanand and Jithendren (2008, 3) on the other hand writes about the implementation of NREGA in Kerala, arguing that that the innovative use of including the existing program Kudumbasree has had positive impact on women. As under Kudumbasree every family below poverty line is organized into a Neighbourhood Group (NHG) at the local level consisting of 15 to 40 families with each family being represented only by a woman. A group of NHGs are then further organized into Area Development Society (ADS) at the ward level – which comprises of around 1500-2000 individuals (ibid.3). ADSs are then federated to a registered

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organization named Community Development Society (CDS). Each NHG, ADS and CDS has afive volunteers carrying out different roles. The implementation of NREGA has been given to ADS, which includes maintaining the records, providing implements to laborers, and the transparency and monitoring requirements are also carried out by them (ibid 4). ADS also looks after the welfare amenities for the workers. Vijayanand and Jithendren (2008, 4) put forth the argument that since ADS is an organization poor and basically a women‟s group, there has been greater sensitivity in the implementation process. Mahapatra (2010) adds further that since the management of work-sites and other logistics for implementation is in the hands of women self-help groups (under Kudumbasree), most of the members of the group join this program.

The study also mentions further that as the work is organized by women‟s group, the gender perspective gets built automatically (ibid 6). Due the fact that women are comfortable working with their neighbours, around 80per cent of the participants have been

women. Equal wages have been paid (“for the first time”- ibid. 6). The study also argues as the bank deposits are increasing, the intra-household status of women has also been increasing, by giving the women control over cash resources and thus a certain decision making-power (ibid 6).

NREGA has suddenly increased the purchasing power of poor and there is visible economic development. It also mentions that working within in public sector gives substantial relief to landless labors (extremely poor) as it takes away the burden of working within the farms of elite class farmers. The study cites the specific case of Wayanand district, where the farmers‟ suicide rate was quite high. Because of NREGA, the peasants can now get “on to the now- respectable public works.” (ibid 7)

Tamil Nadu

In the case of Tamil Nadu, women constitute approximately 80 per cent of the workforce. It is highest per centage in the country. Women are involved in different layers of NREGA implementation in Tamil Nadu (sizeable numbers as NREGA staff at the GP and Block level as worksite supervisors (Makkal Nala Panniyalars, or MNPs), data entry operators and so on.) Participation of women in Gram panchayats (GPs) in also high. In Tamil Nadu, GPs are well-equipped and that it an important factor for the effective implementation of public works

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programs such as NREGA. A social audit in Tamil Nadu (Narayanan, 2008: 10-11) finds that the National Rural Employment Guarantee Act has brought about major changes in the lives of women. Women (in Tamil Nadu) reported that MGNREGA had been only source of income for them for last few months.

Narayan (2009, 158) gives example from Tamil Nadu, where some of the Dalit women with small children reported, that they are being deterred from bringing their children to the worksites. Some of the women even mentioned that they had been returned back, when they carried their children with them. (ibid) It has to be noted that under the provisions of the Act, childcare facilities will be provided if there are at least five children are present or at least five workers (male/female) demand childcare facilities (MoRD, Narayanan, 2009, 161). The audit found out that there was no child care health center. It has also been noted that young mothers are not allowed to feed their children by going home (ibid 11). They have to bring their children on site and there is provision of keeping child at site. Childcare facilities were absent, as there were no women to look after the children (ibid 12). Availability of drinking water and food were also not found (ibid 12). It has been seen that many women would not take their children with them, even though there are facilities and resources made available.

Khera and Muthiah (2010) analysed the implementation in three sites in Tamil Nadu from 2006-+7 to 2009-10. Tamil Nadu have used some innovative steps to remove the corruption and middlemen. That, in return, has positive impact on women‟s participation during the time period 2006-07 (from 9 to 42 days per year). In Tamil Nadu the funds are spent by the Gram Panchayats, which are more accessible than the government departments. At the same time, Tamil Nadu has strict measures to stop corruption.

The study asserts that Tamil Nadu's emergence as an NREGA success story fits into a more general pattern of a relatively well-governed state with a genuine commitment to social welfare. Most social welfare schemes (ICDS, mid-day meals, public health and so on) perform better there than in other parts of the country. The attention to detail (even, say, column widths in the design of MRs) and the openness with which officials admit to faults in the system, crucial if one wants to make improvements, is refreshing are quite remarkable. Nevertheless, the study maintains that if the work has been selected by the workers themselves it could improve the labor productivity, as the needs of the community will be dealt directly by the members of the community. Authors of the study suggest that since the

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number of Dalits is quite high in Tamil Nadu, some permissible works (e.g., land leveling, farm ponds on the lands of Dalit farmers could be added.

However, the study concludes that the sense of commitment and duty among government employees is evident in the state. For rest of the country, it is certain: there is a lot to learn from Tamil Nadu.

Madhya Pradesh

An article in Central Chronicle (April 30, 2010) wrote that in Madhya Pradesh there are more number of women workers involved in NREGA work than men. Quoting the Minister for Panchayats & Rural Development and Social Justice Gopal Bhargava the article write that the number of women labourers is more than men in six districts (Dhar, Balaghat, Mandla, Sidhi, Umaria and Anuppur districts in 2009-10) in the works under Mahatma Gandhi National Rural Employment Guarantee Scheme.

Holmes et al (2011, 3); and Pankaj and Tankha (2010, 50) explain the community level impacts of NREGA by giving some examples from Madhya Pradesh that the most common types of works created through MGNREGA have been road construction, the digging of wells (and other water related activities) and tree planting. These assets have varying impact, including the facilitation of greater crop production and better marketing of products as a result of improved infrastructure.

Sachin Jain, state convenor of right to food Madhya Pradesh, said (India Info, 2008) that the participation of Dalit and tribal women in NREGA work had been increasing in the state (Madhya Pradesh), and the upper castes are not happy with that. Upper castes take revenge by committing gang-rape. It shows that even though Dalit women managed to attain some benefits from public work programs like NREGA, they are still among the poorest and most vulnerable to exploitation in India.

Uttar Pradesh

In Uttar Pradesh (Raja 2007 in Pankaj and Tankha 2010, 49), single women were completely denied to get work. Khera and Nayak (2009, 54-55) write that in northern states the notion among the upper caste communities that allowing women to work outside their home would amount to a loss of honour and dignity of the family.

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Himachal Pradesh

Himachal Pradesh is situated in a valley. It has intensive agriculture and productivity is high (ibid). Women are basically working inside their homes. Seeking jobs under NREGS for women is a way to earn independently. Pankaj and Tankha (2010, 49) write that since NREGS is a government sponsored work, wages are paid timely and are provided at a minimum rate, and attitude of implementing agencies in issuance of job cards for women is supportive, the participation of women in the state has increased. Khera and Nayak (2009, 51) write that getting work at the doorstep is one of the key factors of NREGA in attracting women workers.

Rajhastan

Rajasthan has shown a different picture, due to several factors, as noted by Pankaj and Tankha (2010, 48). Agriculture in Rajasthan is mostly rain-fed and of low intensity, so the demand of wage employment is widespread in the society. Due to the several drought relief programs, both men and women, have been participating in public works programs. Also, the migration in search of work, from rural areas to cities has been high for both men and women. For them, locally available wage work is preferable as it reduces social and economic costs (ibid). Rajasthan has also a long history of civil society movements (Roy 2010; Pankaj and Tankha 2010, 48), which may have eased the path in Rajasthan for NREGA implementation.

Across states

Mahapatra (2010) writes the variations of impacts on women in different states. He writes that participation of women in MGNREGA (called earlier as NREGA) has varied and contradicting aspects. He writes further that states like Kerala which has a low rate of women‟s participation in the work force (15 per cent), has as high as 79 per cent of women taking the work under this program (ibid). It applies for the same in states like Tamil Nadu and Rajasthan, which, even though having low share of women in the overall workforce, have respectively 82 per cent and 69 per cent women workers under MGNREGA. On the contrary, poor states with greater casual labor potential, like Odisha, Uttar Pradesh and Bihar, report low women participation (22-33 per cent). That is contradicting to the common assumption that poverty forces women to take up casual jobs. (ibid) Several studies show that states which have a history of women‟s mobilization, such as Kerala, Tamil Nadu and Rajasthan, have a substantially higher rate of women‟s participation in the NREGA program (Khera and Nayak (2009, 82 in Khera 2011, Pankaj and Tankha 2010, 45-46, ibid.).

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In a study done covering four states (Bihar, Jharkhand, Rajasthan and HP) varied results have been found (Pankaj and Tankha 2010, 48). Socio-cultural factors and local institutions have been the main reasons for low levels of women‟s participation. In Bihar, for example, the local institutions have been controlled by upper castes and upper middle castes (Pankaj and Singh 2004; Pankaj 2008b in Pankaj and Tankha 2010, 48) – the effective delivery of NREGA is still in question. In Bihar and Jharkhand, NREGS work is limited to the SCs, STs and OBCs - due to the aforementioned fact that upper castes find it against their dignity and honor to send their women out to work (ibid) even though they are poor.

However, there are certain problems related to implementation of NREGA. Khera and Nayak (2009, 10) cite the examples of Uttar Pradesh and Bihar where women had been told that the program was “not for them”. Female participation is also low in these states because of the sceptical views of male relatives and the Gram Panchayat (village council) functionaries (ibid 10). Women in certain parts of India are considered „too weak‟ so they „cannot‟ work on the worksites (ibid).

Khera and Muthiah (The Hindu, Slow but steady success, 2010) write that NREGA has had varied performance in many states, after its implementation in 2005. Bihar and Gujarat the implementation had been slow, whereas Jharkhand and Uttar Pradesh have shown effects of corruption on NREGA implementation. Rajasthan and Andhra Pradesh have been, so far, the most successful states in terms of implementation of NREGA.

#### K2 female empowerment

The NREGA Act gives an extra emphasis on women by mentioning that at least one-third of the beneficiaries shall be women. Richard Mahapatra, in his article “How women seized NREGA” (2010), writes that more women than men work under the national program that guarantees employment to rural people. This article mentions that in the fiscal till October (year 2010), women availed of more than 50 per cent of employment created under the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA). Their participation has been growing since the inception of the Act in 2006. This is remarkable given that only 28.7 per cent women form a part of the country‟s workforce, according to the National Sample Survey Organisation data of 2004-05, the latest such data available for the country (ibid).

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The design of MGNREGA is aimed at transforming rural livelihoods through its rights-based approach to employment. An important indirect impact of the act is to “empower rural women” (Ministry of Rural Development, n.d.), (Holmes et al. 2010, 20). Vasathakumari (2011, 4) states that a reading of the statistics shows that more than 70 per cent of the beneficiaries constitute of women. In his study, 74,2 per cent the sample beneficiary families are women headed (ibid).

Hazarika (2009, 10) writes that NREGA is a envisaged as a gender sensitive scheme, as it suggests that at least one third of beneficiaries must be women (NREGA, Schedule II, Section 6: 19). She explains further that NREGA has provisions for providing equal wages for both men and women (The Act says that the provisions of Equal Remuneration Act, 1976 shall be complied with, p.26), as per the Act, a local Vigilance and Monitoring Committee is to be appointed with members from the immediate locality or village where the work is undertaken, to monitor the progress and quality of work. „The gram sabha will elect the members of the committee and ensure that SC/STs and women are represented on it.‟ (p.44), the guidelines mention of a social audit forum, convened by the „gram sabha‟ (the village council) every six months as part of the continuous auditing process. There is stress on the quorum of these meetings maintaining female participants alongside those from other disadvantageous groups. „The timing of the forum must be such that it is convenient for people to attend – that it is convenient for REGS (Rural Employment Guarantee Scheme) workers, women and marginalised communities.‟ (p.56 in Hazarika 2009, 10-11).

Khera and Nayak (2009, 3) state that NREGA has provided income earning opportunities to women. The unavailability of these opportunities varies from region to region. Women are primarily care-taker for sick and the elderly at home. Outside home there is limited options to earn wages for women, which are also non-consistent. The study also mentions that women (respondents) who did not participate in the wage labor market earlier were working on home instead of farms, or due to the low wages they did not seek wage labor in locally available agricultural work, or they were socially restricted from taking wage work. (ibid 3).

Khera and Nayak (2009, 3-5) add further that women who earn wages outside NREGA were primarily involved in agricultural labor work in their or neighboring village (s), working in the construction industry, stone breaking or collection forest produces (such as Tendu leaves,

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Mahuwa flowers etc.). These women were primarily those with “primary wage earning responsibility”. However, there were lots of irregularities involved in the wages, agricultural and collection of forest produces is mostly seasonal; and construction and the stone quarries were hazardous to health (ibid 4) not to mention the fact that working in forest can also be dangerous. Migration in the construction industry also exposes women to various vulnerabilities such as exploitation, illness and gender bias to avail the work (Khera and Nayak, 2009, 5. Jhabvala and Sinha, 2002, 9, 11, 15).

Studies show (Jhabvala and Sinha, 2002, 9; Khera and Nayak, 2009, 5) that women get less money than their male counterparts in the rural as well as urban casual wage work. Khera and Nayak (2009, 6) add to it that some women respondents under the study have given the credit to NREGA – if they had not worked with NREGA, they would have either worked at home or remain unemployed. Certain societal factors also constrain them from working in the fields other than that of their community members or where the members of their community are working (ibid 4). Khera and Nayak (2009, 5) add further that that NREGA has expanded the wage opportunities for women. Local Governments being the implementing agency, availability of work at local level, regularity and predictability of working hours, less chance of work conditions being exploitative, better wages than other work (the differences varies from Rs. 30- 65 per day); and work being socially acceptable and „dignified‟ are certain features of NREGA which provide women a better earning possibility (ibid 5).

Studies (Holmes et al. 2010; Khera and Nayak 2009; Narayan 2009) also show that MGNREGA has positive impact on finding a job, as women do not have to go place to place to find work (The Act mandates providing work within the 5 km radius of residence of the applicant/ job seeker). It is important to note that in case of women, getting work close to their homes can be a positive thing as they do not have to migrate from one place from

another. This protection from migration implies a significant improvement in the quality of life because of the costs and risks associated with migration. In case of family member being ill, access to work near the house is very critical (ibid 6).

#### Selective hiring means Dalits get screwed

Thorat et al (2010, 161) also explore the preferential treatment given to higher caste laborers. About 47 per cent of the respondents mentioned that caste affinity is a factor for selecting the laborers; 45 per cent reported loyalty of own-caste person (comprising approximately 92 per cent of the respondents). The discrimination in hiring has many aspects, including selective inclusion to total exclusion from certain type of works. 62 per cent respondents of the study said that they were denied in employment by higher caste employers with regards to some areas (mainly processing and cutting some crops), about 7 per cent respondents answered in denial about being hired by higher caste employers in any work, 3 per cent in some season and about 90 per cent in some specific work (ibid 162). In case of non-farm work, the discriminatory practices were reported in specific labor. About 64 per cent of the respondents reported exclusion in work related to social ceremony, 7 per cent in house construction, 7 per cent in work in restaurants and about 21 per cent in any household work. Work inside higher caste houses seems to be confined to higher castes only (ibid 163).

#### Social exclusion is worse

De Haan and Dubey (2003 cited in de Haan and Dubey 2004: 14) used 1993-1994 NSS data for India to analyze the likeliness of a household to be poor, and concluded that as a national average, household belonging to deprived groups (low-caste) are 30 per cent more likely to be poor. Also in 2004-5, De Haan (2011: 8), used NSS data to analyze the measure of consumption, and it showed that the average consumption of Dalits (SC) was less than 80 per cent of the national average.

Social exclusion characterizes the processes that keep certain people out of the mainstream

society and could be seen as a substitute for, or complementary to poverty. Bhalla and Lapeyre (1997, 413-433) argues that social exclusion does overlap with poverty, but also goes beyond it by explicitly embracing the relational as well as the distributional aspects. While poverty is understood as a condition, social exclusion is understood as a process. Poverty refers to a vertical social stratification where the poor are at the bottom, while social exclusion refers more to horizontal stratification which means that the socially excluded are the outsiders and the mainstream are the insiders. The critical variable when it comes to poverty is resources, while the critical variable for social exclusion is discrimination (Fitzpatrick et al, 2006).

Social exclusion and limited participation in community life amongst the poor is manifested in different ways. Tilly (2007, in GSRDC) argues that since exclusion itself promotes poverty, exits from poverty would therefore depend on eliminating or bypassing the usual effects of social exclusion. To conceptualize this, social exclusion, in one of its forms, is about denied access to developmental and social welfare programs (institutionalized social exclusion), while in another form, inability to join community self-help projects (informal social security / insurance against social risks) such as informal and formal savings and credit associations, farmers‟ cooperative organizations, burial groups, among others (self-created social exclusion). This is due to not only lack of information but also lack of necessary minimum requirements for membership usually in form of membership and subscription fees. It can also be understood as the unique interplay of a number of factors, whose consequence is the denial of access, to an individual or group, to the opportunity to participate in the social and political life of the community, resulting not only in diminished material and non-material quality of life, but also in tempered life chances, choices and reduced citizenship (Kenyon, S. et al. in Ramaiah 2007).

Professor A. Ramaiah quotes Duffy in his lecture on Social Exclusion given at Tata Institute of Social Sciences, Mumbai, “Social exclusion is a broader concept than poverty, encompassing not only low material means but the inability to participate effectively in economic, social, political and cultural life and in some characterizations, alienation and distance from mainstream society”. People who are excluded are not „just like‟ the rest of the poor. They are also disadvantaged by who they are or where they live and as a result are locked out of the benefits of development (Ramaiah, 2007).

De Haan (2011 cited in The World Bank 2011:3) states that income poverty is only one element of social exclusion, due to focusing only on an absolute measure of individual well- being, while social exclusion on the other hand focuses on the process that exclude certain groups from accessing the goods and services, which, ultimately determines their well-being. De Haan and Dubey (2004: 17) argues how the World Banks influence on the poverty debate has led to a residual approach to poverty reduction, which focuses on safety-nets for people who falls outside the system, thus identifying poverty as external to the social-economic system and something that can be addressed by gentle measures. De Haan (2011: 15) uses NREGA as an example of how the targeted poverty programs have focusing on addressing specific needs at the expense of the causes and patterns of social and economic exclusion. NREGA has, according to him, relieved poor workers of insecurity, but has not emphasized on contributing to rural infrastructure and agricultural development; thus neglecting factors which would be elementary for sustained development and transformation of socio-economic relations.

De Haan (2011: 16) further argues that even though Indian poverty debates do highlight the inequalities between social groups, they fail to pay sufficient attention to the nature of exclusion and thus there is evidence that support that has been given to deprived groups have resulted in the opposite effect of what was intended, and eventually reinforced how the social identities are entrenched into the political frameworks. To paraphrase De Haan (2011: 17); the affirmative policies, while having helped in articulating a Dalit identity, has led to polarization and may eventually become part of maintaining discriminatory attitudes, and needs therefore to be made more sensitive to the nature of exclusion to ensure that protection against informal mechanisms of discrimination are integrated in the policy implementation.

#### Social oppression is worse

#### Dalit women experience triple oppression

scale social exclusion of women in the Indian society. It has to be understood clearly, that the gender inequalities in both economic and social-cultural spheres needs redistribution of the machinery already in place to work in a more gender responsive manner. This can only be attained by providing women with income earning opportunities with a skill-set on how to explore and take usage of the options they are given. Involvement in household and unpaid work has been the main obstacle towards their empowerment. NREGA provides cash earnings in women‟s hands and thus deconstructs their traditional roles of working inside their homes.

Even though the NREGA program has gone through some initial periods of organizational problems, the voiceless groups have now started to assert themselves by seeking their rights. Extending such schemes will have a huge impact on image of women – from being merely a social burden to economic resources. Findings show that women workers are more confident about their roles as contributors to family expenditure and their work decisions, and that they are also becoming more assertive about their space in the public sphere – such creating opportunities for gainful socio-economic inclusion of women.

However, human dignity still remains a far-fetched dream for Dalits and Dalit women in specific – being positioned at the lowest rungs of Indian society within the policy framework.

#### Use a framework of Dalit feminism as a filter for impacts – this identifies the intersectional nature of oppression and the significance of Dalit women’s unique social location

Singh 11 [(Ashish Kumar Singh) “Caste – the Actual Cost of Empowerment? Dalit Women & NREGA- A Study of the Poverty, Social Exclusion & Shame Nexus”] AJ

In a discussion about the social construct of gender, it is also necessary to look into how gender articulates with dimensions such as class, ethnicity and caste. These structures determine any social organization and shape the society, thus making it inextricable from gender even to the degree that it obliterates the possibility of separating gender consciousness from class/caste consciousness (ibid. 7). This is contextualized by looking at the dynamics of sexual harassment in the Indian society, where rape of Dalit women often is used as a mean of oppressing the entire caste group; by violating the women‟s dignity and the men‟s „property‟ (Shah et al. 2006, 120, Agrawal 2004: 8). Dalit feminism Dalit women feminism is one strand of feminism that has emerged in India in the last two decades. It has its roots in the formation of two Dalit women social movements in India in the 1990s, namely the National Federation of Dalit Women, and the All India Dalit Women‟s Forum. These movements raised an essay “Dalit Women Talk Differently” which aroused debates among a spectrum of intellectuals in India (Guru 1995 cited in Rege, 2004, 220). Just like Third World women feminism which emerged as a critic of the „Western‟ hegemonic feminist movements, Dalit women feminism emerged as an antithesis of other feminist movements in India such as the Left-party based upper caste women feminism, Dalit men movement, among others. Its stand point counteracts pluralism and relativity claimed by other feminist movements as most valid and valued. It instead places much emphasis on individual experiences within socially constructed groups and focuses on the hierarchical, multiple, changing structural power relations of caste, class, ethnicity which construct such groups‟ (Rege 2004, 222). Dalit women feminism seeks for Dalit women‟s self-definition, self-identity, self- consciousness and autonomy hence the assertion “Dalit women talk differently” (Rege 2004, 211-223). This difference is located in the historical struggles of the marginalization of Dalit women. In other words, to understand and address this peculiar history of the plight of Dalit women, it necessitates Dalit women to „talk differently‟ with a view to uphold the interests and raising the voice of the „socially denigrated, suppressed and silenced‟ Dalit women (Swarthy 2008, 1). Dalit women feminists argue that the peculiar historicity of the oppression, marginalization, and subjugation of Dalit women necessitates a separate framework of „difference‟ to address peculiar concerns of the Dalit women which have not been adequately addressed by the other existing feminist movements (Rege 2004, 211, Swarthy 2008, 2). The need for a separate identity of Dalit women and their „talking differently‟ is defended by Guru (1995) who points out that “...social location determines the perception of reality and therefore representation of Dalit women‟s issues by non- Dalit women was less valid and less authentic‟ (cited in Rege, 2004, 220). Dalit women feminism is generally against injustices in the system of caste hierarchies and patriarchal arrangements which are responsible for producing divisions in the society characterized by shaming labels and social identities such as „scheduled‟ castes and tribes, Dalits being regarded as the outcastes, the Untouchables, have resulted in systematic classical exclusion of this social group, and especially the women, from society‟s political, economic and socio-cultural arena (Guru 1995 cited in Rege 2004, 215-220; Swarthy 2008, 1-2). It is this discrimination and social exclusion from decision making-processes and denial of an opportunity for realizing potential and self-fulfilment that has left many Dalit women uneducated, economically unproductive and consequently poor.

#### Wage differentials intersect with class, gender, and caste in India – this is true in the case of Dalit women

Singh 11 [(Ashish Kumar Singh) “Caste – the Actual Cost of Empowerment? Dalit Women & NREGA- A Study of the Poverty, Social Exclusion & Shame Nexus”] AJ

A large proportion of the poor in India, 75 per cent, live in rural areas, where they mostly have to rely on daily wage labor – often working for others with assets that are not their own, as many of them are landless. More than half of the Indian population depends on agriculture for earning their livelihoods, making the overall decline in agricultural production a matter of great concern. Even though India has experienced major economic growth in the last decades, the inequalities and differences between rich and poor has been increasing simultaneously (Holmes et al 2010, 9, Pranati 2009). Poverty reduction in India is not only a challenge limited to the economic sector, but are also spanning the impacts of social structures, as the inequalities embedded in the society are influenced by e.g. ethnicity, caste and gender. The numbers speak for themselves; in rural areas in 2000, the poverty headcount was at 45 per cent for lower caste-individuals (SCs), compared to 21 per cent among non-SCs. The poverty vulnerabilities are also gendered; women receive almost 30 per cent lower wages than men in casual labor, and 20 per cent lower for executing the same tasks (World Bank 2009, cited in Holmes et al. 2010, 9); women th make up two-thirds of the agricultural labor force, but still own less than one-10 of available agricultural lands; women work 457 minutes every day, while men comparatively work 391 (NAWO 2008, cited in Holmes et al. 2010, 9). The plight of Dalit women The plight of Dalit woman is clearly expressed in the phrase of „Triple Dalit‟ or „Thrice Dalit‟ – being a woman, being a poor woman, and being a Dalit woman (Dalton 2008). Dalit women is, like their male counterparts, subordinated by poverty and caste, but at the same time they are also subjected to the patriarchal power that makes them vulnerable to exploitation and domination not only by upper castes, but also by Dalit men (Shah et al. 2006, 117). A similar description is expressed by Rawat (2006, 1) who points out that Dalit women suffer from double disability in the Indian society. The first disability of being woman is doubled with the caste tag over their head (ibid.). Shah et al. (2006, 117) point out that, in all states, an overwhelming majority of Dalit women work outside of their homes – mostly with labor connected to agriculture, which is known for exceptionally low wages (ibid., Ruwanpura 2005, 23). In addition to working outside, Dalit women also have the sole responsibility of running the household; attending to domestic chores as cooking and cleaning, raising children, fetching water, collecting fuel and fodder and tending livestock or land (ibid. 121). In the lives of Dalit women, two aspects are of specific concern; sexualized form of oppression, and gendered labor that provides occupations in which Dalit women are even more vulnerable to Untouchability than Dalit men (Shah et al. 2006, 120). Women in Kerala reported that they feel forced to give in to sexual advancement by their male employers, thus having to silently accept being sexually harassed, in fear of losing their jobs. If the case becomes public, the blame will fall on the Dalit woman alone (ibid. 120). Sexual harassment does also take the form of molestation and rape, and as a mean of oppressing Dalit men – by violating their „property‟ (ibid. 124). Dalit women are also exposed to discrimination and violence while executing the domestic chores, and especially while herding livestock alone or at public places as by the water source (ibid. 121). Dalit women do not own and control property such as cultivable land, and have no inheritance rights. Their only alternative source of livelihood at their disposable is all day long engagement in less paid causal labor, but also from which earnings, the husbands tend to forcefully want to control (Swarthy 2008, 3; Santosh 2005, 189). In extreme cases, this results into wife battering due to women‟s refusal to accept men‟s demand to share the former‟s earnings, coupled with abuses, accusations and counter abuses /accusations leading to domestic violence, which is both a cause and a consequence of poverty (Swarthy 2008, 3). Dalit women face the paradox of being socially regarded as Untouchable and polluted, but still being exploited in the most intimate spheres of their existence (Shah et al.2006, 124). Every day, Dalit women confront a wide spectre of challenges – having to manage the social stigma of being Untouchable as well as being dependent on their oppressors – upper castes and in some cases even Dalit men – both in economical and gendered relations (ibid. 131). Despite the odds, many Dalit women continue to fight vigorously – to survive, to succeed and to be dignified (ibid.) Unclean occupations Shah et al (2006, 106) describes how the caste system traditionally is characterized by socially prescribed occupations with little mobility. The groups belonging to the bottom of the hierarchy are assigned to jobs that are regarded as degrading and „impure/polluting‟. All across rural India, Dalits are the ones trapped in the most humiliating and disregarded occupations. These occupations are often associated with bodily waste or death – tasks that are historically considered as polluting – hence being regarded as „unclean‟. Even though these occupations are unhygienic in executing, even to the extent of being dangerous to the safety of the performers, they are still considered „unclean‟ mostly based on the ritual connotations involved. Untouchability constitutes thus of a circular logic; certain tasks are „impure‟ because they are being executed by Dalits, and Dalits are „impure‟ because they execute these tasks (ibid. 108).

### Belser 12

#### Works in informal sector as well

The minimum wage can have a positive impact in developing countries too. In Brazil, a country with a large informal economy, the two policies that are most frequently credited for the sharp reduction in poverty and inequality over the last decade are the Bolsa Família – a programme of cash transfers conditional upon children attending schools – and the national minimum wage that has been revived since 1995. Even The Economist now recognizes that “by boosting domestic demand, these policies have also contributed to economic growth”.3 In countries such as India, minimum wages are being implemented along with employment guarantee schemes that set the floor for wages. One simulation shows that, if the coverage of minimum wages was extended to all wage-earners in India instead of a select group, it could lift the incomes of 76 million low-paid salaried and casual workers.4

#### Perm do both for CP

At the national level, countries should be encouraged to support low-paid workers through a combination of minimum wages and income transfers. Minimum wages have the potential to make a major contribution to social justice. In the United Kingdom, for example, the minimum wage was identified in 2010 as the most successful government policy of the past 30 years in a survey of British political experts. In this survey,2 a successful policy is defined as one which is successfully implemented, has a positive social and economic impact, and can be sustained over time. Perhaps most importantly, the much- feared negative impact on UK jobs failed to materialize. The positive effect of the minimum wage has been compounded by the working tax credit, a system of so-called “in-work benefits” that reduces taxes for the low paid who work for a minimum of 16 hours per week. Both minimum wages and “in-work benefits” are complementary, for without the former, companies may feel that they may quite simply shift some labour costs onto tax credits.

#### Collective action problem for competitivenesss via low wages

Wage trends seem to point towards the complex process of global integration, where average wages converge towards the (stagnating) levels of advanced countries and where inequality between top and median, and median and bottom, wage-earners increase almost everywhere. There are exceptions, of course. This trend nonetheless points towards the importance of international coordination on wage-related matters. The collective action problem is partic- ularly acute in the Eurozone, where any country’s attempt to link wages more closely to productivity growth immediately leads to a decline in external competitiveness relative to Germany – the star-performer where average wages actually declined by 4.5 per cent over the last 10 years despite a (modest) increase in labour productivity. Outside of the Eurozone, wage compression in China similarly limits the room for wage increases in other emerging economies.

### India – Rani 12

#### No solvency – implementation of minimum wages were an abject failure in India

Rani 12 [Uma Rani (ILO) and Patrick Belser (ILO). “The effectiveness of minimum wages in developing countries: The case of India.” International Journal of Labour Research, Volume 4, Issue 1, 2012] AJ

What is the share of wage earners paid less than the minimum wage coverage in India, using either the national or state-level minimum wages? Our most recent computation is shown in table 2. We find that throughout India an estimated 15.4 per cent of salaried workers and 40.9 per cent of casual workers earned less than the indicative national minimum wage of Rs 80 per day, and that these figures increase to 22.2 per cent and 48.6 per cent, respectively, when we use our proxy for state-level minimum wages. Unsurprisingly, female workers and those residing in rural areas are more likely to earn below minimum wages. Overall, these figures indicate that in 2009–10 there were 61.6 million wage workers – equivalent to 33 per cent of all wage workers – who were paid less than the national minimum wage floor. These figures are slightly lower than in 2004–05, when 73 mil- lion workers (42 per cent of all wage earners) received wages below the na- tional minimum wage floor (Belser and Rani, 2011). A higher proportion of male casual labourers were paid minimum wages in 2009–10 compared to 2004–05, but the same was not true for female workers. Though pay- ment of the minimum wage has slightly improved the deficits still seem to be quite high. Even if it is not possible for us at this stage to determine the extent to which these high figures are due to the low coverage of “em- ployment schedules” or to pervasive non-compliance, they nevertheless clearly point towards the difficulties in implementing an effective wage floor throughout the Indian economy. Our next tables illustrate the extent of statutory state-level minimum wage payment for certain specific groups of workers. In table 3, we see the situation of domestic workers who at the time of the 2009–10 Employment- Unemployment Survey were covered in only two Indian states. And where they were covered, only a small proportion of them received minimum wages and most of the workers were usually underpaid. In Andhra Pradesh, for example, more than 90 per cent of female domestic workers in both urban and rural areas were paid below the minimum wage. In Karnataka, the situ- ation was only slightly better with 85.2 per cent and 64.4 per cent of female domestic workers being underpaid in rural and urban areas, respectively. Here it is hoped that the support of the Indian Government8 and social partners to the adoption of a new ILO Convention No. 189 on decent work for domestic workers will bring about in the future an improvement of the situation of this particularly vulnerable group of workers. Table 4 looks at other groups of low- skilled workers who are explicitly covered by the employment schedules of the states under analysis. We can observe that non-compliance seems especially high in the states of Andhra Pradesh, Karnataka, Gujarat, and Maharashtra. Women are particularly affected. So even for certain schedules of employ- ment where workers are to be paid minimum wages, non-compliance seems to be quite high. These tables are broadly consistent with the results of more refined data analysis which will be presented in the next section.

#### NREG schemes best

But perhaps the most effective enforcement mechanism in a developing country context is coherence with the pay provided through employment guarantee schemes. Murgai and Ravallion (2005) suggest that minimum wage legislation in poor countries can only be made really effective if the government acts as the “employer of last resort” and commits to employ the entire excess supply of unskilled workers at the stipulated minimum wage rate. Indeed, from the perspective of workers, the supply of labour at a wage below the minimum depends on whether a better alternative is avail- able. If no minimum wage jobs are available, labour will continue to be sup- plied at sub-minimum wages. In this section we try to assess to what extent programmes such as those under the 2006 NREGS can play a key role in fos- tering compliance with a mandatory minimum wage. The key questions are whether NREGS can increase employment, raise wages, and reduce poverty, in the rural areas. We discuss the employment and wage issues in this section.

The NREGS which was introduced in 200 districts in 2005–06 was extended to the entire country covering 619 districts in 2009–10. The pro- gramme seeks to provide a guarantee of up to 100 days of employment per household in the rural areas. All rural households are willing to supply labour are required to register with their village council (gram panchayats) and are issued with a job card. After receiving the job card, a household can demand work at anytime and will be provided employment within 15 days of expressing demand, otherwise they will be compensated with a daily unemployment al- lowance. The employment will be provided within a 5-kilometre radius of the village where the applicant resides. Under this scheme only productive work is to be undertaken, which includes developing and maintaining community assets like community land, basic infrastructure, land improvements, water harvesting, and so on (GoI, 2008). The scheme also allows for land improve- ment and provision of irrigation facilities in private land belonging to lower caste and backward communities. The programme provides legal entitlement not only to work on demand but also to be paid minimum wages. Wages under NREGS were initially linked to statutory state-level minimum wages for agricultural labourers,12 and later to the national minimum wage floor. The Act also stipulates that both men and women be paid similar wages, which is a significant policy change from earlier employment guarantee schemes. An im- portant aspect of NREGS is that the Right to Information (RTI) and Social Audits are made an integral part of the Act, which we address later.

Data show that in 2009–10 about 52 million households in 619 districts were provided employment, with an average of 65 person days per house- hold (see www.nrega.nic.in). Our analysis of the 2009–10 Employment- Unemployment Survey data shows that in rural areas about 37 per cent of men and 45 per cent of women possess a NREGS job card. Across the employment status categories, a comparatively higher proportion of casual labour and self-employed households are seeking such employment compared to the salaried workers. More than 70 per cent of those with job cards were able to access employment under NREGS, and of the total employment gen- erated under the programme, the share of employment created for women was 32 per cent. About 50 per cent of the participating households belonged to the socially marginalized communities of scheduled castes (30 per cent) and scheduled tribes (18 per cent) (see table 6). The higher participation of socially marginalized communities is also reflected in field-based studies (Mehrotra, 2008; Jeyarajan, 2011; Azam, 2011).

For many poor rural communities NREGS seems to be the lifeline in the absence of any other employment opportunities. In some states like Andhra Pradesh, the programme is said to have created jobs when there were few or no alternative work opportunities (Johnson, 2009). There is some evi- dence that NREGS participants are able to reinvest some of the earnings into farms, increase agricultural productivity and reduce their underemployment, especially among poor households (Saraswat, 2011). The additional employ- ment created under this programme has reduced underemployment and in- creased total incomes of the households in rural areas, which is a remarkable feature of the programme. As the scheme provides an alternative source of employment, it might also lead to a reduction in the pool of workers mi- grating to urban areas for work and lead to a rise in wages in urban areas.

While NREGS has clearly been an effective tool to provide income se- curity and enhance productivity of existing work opportunities, does gov- ernment acting as the “employer of last resort” alone ensure effectiveness in the provision of minimum wages? Initially some of the states were evi- dently paying less than the statutory minimum wage, in violation of the Act (Drèze and Oldiges, 2007). One of these was Rajasthan, which was initially commended for the implementation of NREGS, especially as it propagated the right to work and information. However, NGOs raised the issue of low wages and organized protests against this blatant violation of law. Public pres- sure and regular monitoring of the civil society efforts ensured that the pay- ment process was streamlined. As a result, in Rajasthan it increased the wage negotiation capacity of the workers and also seems to have increased the bar- gaining power of the working class in the private sector (Menon, 2008).

Some nine states in 2008–09 had NREGS average wages just below Rs80 and all other states had higher wages (Johnson and Tannirkulam, 2009). However, in all these states NREGS wages were higher than the market wages. For example, in Chhattisgarh it was found that “before NREGS agricultural labourers or casual labourers in brick kilns worked for Rs 25 or Rs 30 per day, but under NREGS they receive Rs 62 to 64 per day, more than double even though it is below minimum wage” (Jandu, 2010, p. 4). Even in Maharashtra the wages offered under NREGS were higher than the existing agricultural wages but they were lower than the minimum wages prescribed initially. However there is a trend towards wage increases offered under NREGS over the years. Some have argued that the low wages paid under NREGS could be due to the improper methods of measurement of productivity; lack of information to the workers about the wages rates for different kinds of work; lack of bargaining power of the workers; and fudging of muster rolls (Shah and Mohanty, 2010; Reddy et al., 2011).

What has made the functioning of NREGS efficient is that it has pro- vided a space that allows non-governmental local groups to be participants in the implementation and outreach work and not just watchdogs (Sudarshan, Bhattacharya and Fernandez, 2010). The point here is that the government alone cannot ensure that minimum wages are being paid to all. The role of civil society is very important to ensure that the rights of the workers are met. Social audits13 in particular have played a very important role in ensuring that wages were paid for the work done. Article 17(2) of the NREGA says that “the gram sabha shall conduct regular social audits for all projects under the scheme taken up within the gram panchayat”. Even the Central Operational Guidelines issued by the Union Ministry of Rural Development clearly mention con- tinuous social audit as well as monthly social audit through the gram sabha.

The concept of social audit is a powerful tool for ensuring transparency and accountability and the various civil society groups – activists, academics and policy-makers – are able to use this tool effectively to ensure social justice for the workers (Burra, 2008; Lakha, 2011). For example in Andhra Pradesh, “volunteers, officials, civil society activists and journalists from across the country inspected the villages and went from work-site to work-site looking at muster rolls and asking wage-seekers whether they had been given work on demand, whether equal wages for equal work had been paid to men and women” (Burra, 2008, p. 6). In many of the villages “village social auditors” belonging to employment-seeking households were identified and trained by NGOs to ensure that work was done according to rules and full payment of wages was made. Social audits and public hearings played an important role in reducing corruption and ensuring enforcement of minimum wages in many of the NREGS districts in Andhra Pradesh (Burra, 2008). There is no doubt a need for partnership between civil society and state to make social audits effective, and this has proved so in states like Rajasthan, Chhattisgarh, Jharkhand and Tamil Nadu in ensuring rightful payment of wages.

Using the 2007–08 Employment-Unemployment Survey of India, Azam (2011) finds that NREGS has made a difference in terms of wages for male and female casual workers. Using the difference-in-difference estimates he finds that overall casual workers in NREGS districts experience a 5 per cent increase in real wages compared to non-NREGS districts. These effects are found to be much more pronounced for females (8.3 per cent) compared to males (3.8 per cent). The socially backward communities (SC and ST) also experience a larger increase in wages in NREGS districts. Banerjee (2011) also notes that wage rates have been enhanced by 17 to 30 per cent over the past few years in the rural areas.

## Mexico

### Anti Cap

#### Zapatistats are so vague that they’re useless – the group has existed for over 20 years and has accomplished nothing

Wildcat no date [published by a group called 'Wildcat' we have no further details or a postal address for them. Unmasking the Zapatistas. http://flag.blackened.net/revolt/mexico/comment/antizap\_wildcat.html. Last date cited 1995] AJ

The media love the Zapatistas and Marcos has replaced Ché in the iconography of the left. But being sexy and writing bad poetry is no substitute for a coherent revolutionary program. The reason the EZLN is so vague is because its program is open to anything except the current status quo. When they say "We believe that an authentic respect for freedom and the democratic will of the people are the indispensable prerequisites for the improvement of the economic despread resistance, but the war of all against all. When the reactionary revolts in Eastern Europe were underway, we tried to see something positive in them. But the crisis cannot trick the working class into taking up a revolutionary perspective. No doubt some readers will say "it's easy for you to sit there and criticise", and they are quite right. It may seem smug to knock the Zapatistas from the sidelines. But this is a perennial red herring. The fact that the Zapatistas and their supporters live in hardship and risk their lives does not in any way demonstrate that their program is what the Mexican proletariat needs. This article should provide an alternative to the almost universal uncritical laudation which Marcos and co. have received. We would like to have links with class struggle militants in Mexico, but with our limited resources, and hardly knowing anyone else who can be relied on, we have found this impossible. Pessimism can be self-confirming - would it not be better to keep quiet? Why not go further, and tell lies? This is the road to leftism. We prefer to tell the truth, as far as we can see it.

#### The aff is a program claim that furthers the Mexican anti-capitalist strategy of contentious interaction – constantly making demands on power structures force them to confer legitimacy and power to revolutionaries

Tidney [Charles Tidney and Sidney Tarrow. Contentious Politics] AJ

Political identities take their meaning from contentious interaction; we make claims on them. They (whomever they" are) often respond with counterclaims: We demand our rights, but the government replies that we have no such rights and, in fact, that we do not even constitute a recog¬nized identity. Karabakh's Armenians claimed they had rights to political autonomy or even to annexation by the Armenian state. But Azerbaijan s leaders replied that Karabakh and its populations belonged to sovereign Azerbaijani territory. Later, the Armenian army bid up the claim making by occupying the part of Azerbaijan between Armenia and Karabakh. It remains there under the terms of the 1994 cease-tire, with both countries claiming ownership of the border strip and of Karabakh. At the Armenia-Azerbaijan border, contentious interaction continues. Collective claims fall into three categories: identity, standing, and pro¬gram. Identity claims, as we have seen, declare that an actor exists. That actor may have existed as a recognized actor before the episode began (e.g.. the category of indigenous groups is a traditional one in Mexican politics), or it may be constituted in the course of the episode. Actor constitution is a crucial part of contentious politics (McAdam et al. 2001: 315-21). Standing claims say that the actor belongs to an established category within the regime and therefore deserves the rights and respect that mem¬bers of that category receive. The Zapatistas made a number of standing claims, but the most salient was to be valid representatives of Chiapas indigenous people. (In fact, some indigenous leadcrsin Chiapas itself later disputed that claim.) They underlined their standing claims, furthermore, by denying that they were "drug traffickers, or drug guerri lias, or bandits, or whatever other characterization our enemies might use.' Program claims call for their objects to act in a certain way. The Zapatistas called o n the Mexican government not only to recognize their identity and their standing as valid representatives of indigenous people but also to change its policy toward indigenous people by protecting their land and defending them against rapacious outsiders. In other kinds of contentious politics, programs range across an enormous variety of claims, such as the following: • Overthrow the present government. • Support our candidate for city council. • Don't build that road through our neighborhood. • Give our starving people food. • Make our bosses pay us a living wage. • Exterminate our enemies. Headlines from any year's press reports illustrate the wide range of pro¬gram claims. In 2005, for example, they included Iraqi insurgent groups' warnings against voting in the January parliamentary elections, Israeli set¬tlers protesting their evacuation from their settlements in Gaza, guerrilla attacks on Colombian peasants for collaborating with right-wing militias, Indian tsunami victims' assault of an official who had not delivered food and water, French immigrants protesting the fires that ravaged four immigrant hostels, and the mother of an American soldier who was killed in Iraq de¬manding an audience with George W. Bush outside his Texas ranch. Although political actors often emphasize one type of claim over others, we see few "pure" cases of identity politics, a politics of standing, or programmatic politics. The Zapatistas first caught international attention by their simple claim to existence. In the elaborate declaration of New Years Day 1994, they said, in effect, "Pay attention to us. because we’re a new actor, we mean business, and the boundary between you and us matters." Soon they were also making standing and program claims. But. of course, they made all those claims by speaking concretely—and often negatively—about Mexican institutions. Claims and counterclaims do not occur randomly; they take their shape from surrounding regimes, cultures, and institutions. They respond to a regime's opportunities, threats, and constraints. This takes us to our fourth key question: How do existing institutions promote, inhibit, or shape processes of actor constitution, identify activation, and contentious interaction?

#### Zapatista demands are political and require improvement in living conditions

Juarez 07 [Patrick Cuninghame, Originally published in Werner Bonefeld (ed) Subverting The Present- Imagining The Future: Insurrection, Movement, Commons, New York, Autonomedia, 2007. The author is a sociology lecturer and researcher at the Autonomous University of Ciudad Juarez, Chihuahua, Mexico. Reinventing An/Other Anti-Capitalism in Mexico. The commoner, Issue 12, August 2007] AJ

In common with the first five Declarations, the Sixth as event marks a turning point in the Zapatista struggle and as text communicates to national and international “civil society”4 the decisions of the Zapatista assemblies through the EZLN and Marcos. The Sixth was initially greeted with positive statements by the Mexican political and intellectual classes as a sign of the EZLN’s further move away from armed struggle and towards non-violent democratic politics. In fact non-violence is stressed throughout the document as the basis for direct action, in common with most of the alterglobalist movement but in continued rupture with the history, ideology and praxis of both Mexican and Latin American vanguardist guerrilla movements: “The EZLN continues its commitment toward an offensive cease-fire and will not attack any governmental force nor carry out offensive military manoeuvres; the EZLN continues, still, its commitment to insisting on the path of political struggle with this peaceful proposal that we now make. As such, the EZLN will continue in its belief in not making any secret alliance with national politico-military organizations nor those of other countries; the EZLN reiterates it commitment to defend, support, and obey the Zapatista indigenous communities that create it and that are its supreme command, and, without interfering in their internal democratic processes and in the measurement of its possibilities, to contribute to the strengthening of their autonomy, good government, and improvement of living conditions. That is to say, what we are going to create in Mexico and in the world we will create without weapons, through a peaceful civil movement, yet without ignoring or abandoning our communities.” (EZLN 2005: 3-4)

#### Movement gets coopted and kills the environment

In naming themselves after the original Zapatistas, the present lot are being romantic rather than historical. Zapata's contribution to the Mexican Revolution of 1910-17 was avowedly parochial. He and his followers had the aim of resisting enclosures and sugar agribusiness in Morelos. Though this state is adjacent to the Federal District, they rarely ventured outside their own backwater. It is difficult not to laugh when one reads of the fire engine incident in the capital. So unfamiliar were the moustachioed bumpkins with the big city, they assumed it was a military vehicle, and opened fire, killing all on board1. They were defeated by reactionary generals with a less localist perspective. It is tempting to see this as an example of natural selection. But at least Zapata and his followers wanted to defend traditional peasant community against capitalist development, which is more than can be said for the latter-day Zapatistas.

The promises of the Revolution (in a word, land to the peasants, both collectively and in small plots) were often unfulfilled. By the mid-eighties, only 2.7 million families had received the promised plots, whilst 3 or 4 million peasants waited, patiently or otherwise.

Owners of big landed estates are rich bastards who live off the backs of the poor, but they are not typical capitalists. In fact their existence can be an impediment to capitalist development. Their labourers are often not wage slaves but tenant farmers who pay rent in labour and in kind, though in Mexico, and particularly in Chiapas, there is an ancient tradition of debt slavery, which in practice is almost indistinguishable from actual slavery. The land owners sell produce for money but don't feel the need to invest it in new methods of production. Unlike the dour burgers of capitalism's rosy dawn, these rakes and degenerates, after allowing for a few incidental expenditures such as arming their goons and lackeys, spend their ill-gotten gains on pleasure and luxury. The development of capitalist agriculture requires the breaking up of these landed estates. This is where peasant movements for progress, such as the Zapatistas, come in. Peasants can be used by politicians to struggle for development against reactionary landlords. Often this is done under the guise of social justice, under the slogan Land to the Peasants. The idea is to turn the serfs, debt slaves and bonded labourers into petty bourgeois proprietors who will then compete against each other to sell their produce on the open market. Many will be ruined, and driven into the urban proletariat, desperate to work and relatively easy to exploit, and a few will become millionaires. This process has been central to capitalist accumulation throughout its history. It is continuing today on an unprecedented scale with the break-up of the collective farms in China.

Some countries, France being the exemplum, have deliberately kept a class of conservative peasants, against purely economic logic, for political reasons. In Mexico, the inefficient small producer and ejido systems have been perpetuated because of the unrest which would greet their abolition.

Even when collective landholdings are created, they have to impose capitalist discipline in order to produce for the market. More frequently, small landholders become owners of individual plots, and have to work overtime to survive. The market price of a commodity is determined by the socially necessary labour time involved in producing it. An American farmer produces a pound of corn in a fraction of the time taken by a Mexican peasant; this determines the price. Land redistribution is also subject to the limitations of wealth redistribution in general. If wealth is more fairly distributed, without the abolition of the market and wage labour, some people will quickly gain an advantage over others through their skills at buying and selling. Soon, wealth will once again concentrate in few hands. 'The rich get richer and the poor get poorer' is in the nature of property. It cannot be ended by redistribution.

This is not to say that all peasant struggles are inherently pro-capitalist. There are very strong pressures towards a peasant becoming a simple petty bourgeois commodity producer (as in rural France) but this is not the only reason for trying to get hold of a smallholding. It can also be a place to live where you're not paying rent to a landlord and you can use it to grow food for yourself. There have always been elements of this in the rural struggle in Mexico, but it has mostly been recuperated in the interests of capitalist development. The current uprising in Chiapas is no exception. In 1911, Zapatismo was localist when the bourgeoisie was nationalist. Today it is nationalist, but meanwhile, the bosses have regrouped on a global scale. At the beginning, in response to government allegations of foreign influence, the Zapatistas strenuously denied that any Guatemalan Maya Indians were involved. In other words, the Zapatistas' Maya indigenism is subordinate to their Mexican nationalism, which is passionately expressed in many of their writings. In contrast, the bosses have no country. The US and Mexican ruling classes cooperated against the uprising, the Chase Manhattan bank told the Mexican government to crack down, and the Guatemalan army openly sealed the border against Zapatista escapees in February 1995. The Zapatistas' internationalism is restricted to talking to foreign journalists and appealing to liberals to put pressure on Congress. This is logical, since international working class solidarity is not necessary to achieve land redistribution in Chiapas, nor more democracy in Mexico.

Amor y Rabia is not among the organisations "that strive, with honesty and patriotism, for the betterment of Mexico". They asked Marcos a lot of hard questions about nationalism, and he gave some slick answers. They said "The 'Nation' is used with an abstract feeling of a patriotism that ultimately does nothing more than pit us against one another, country against country" (interview in Love & Rage August 94). Marcos replied "When we speak of the nation we are speaking of history, of a history of common struggle with historical references that make us brothers to one group of people without distancing us from other groups". This is called having your cake and eating it. The question of autonomy is complicated. We do not want a dreary, homogenous world ruled by the World Congress of Workers' Councils. We recognise that there must be different communities with their own traditions and cultures. Some indigenous communities refer to themselves as "nations". However, communists oppose the nation state, whereas the EZLN equivocates on the issue. Marcos wants a more federal Mexico, with respect for the autonomy of different groups and areas. But the USA was founded on this basis. This does not challenge the operation of the market economy, which forces a tendency toward centralisation on any nation state.

Not only are small farmers forced to produce for the market, neither are they good ecologists. When poor peasants take over land in Chiapas, the first thing they do is often to chop down the trees. There have been fights between peasants and police trying to defend ecological reserves. Some of the main demands of Zapatista peasants are for better roads to get their produce to market, electricity to drive machinery and television, etc. These uncomfortable facts are generally ignored by their supporters. People assume that the poor are good, and the rich are bad, and therefore we must support the former. The point is not to assign good or bad, but to face the fact that much environmental damage in the world is being done by desperate poor people, not just by MacDonald's. Obviously, they are driven to do this by the world market economy which has deprived them of a livelihood, but uncritical support is no solution to this. Neither is a moralistic antagonism to corporations without a critique of the capitalist mode of production. This is where we hope this article will fill a gap.

### Nieto Good

#### Nieto key to Mexican growth and competitiveness – reforms are not done

Trigos 9/2 [By Roger F. Noriega and Felipe Trigos. Mexico’s Energy Reform: So Far, So Good. Inter American Security Watch. Tuesday, September 2nd, 2014. http://interamericansecuritywatch.com/mexicos-energy-reform-so-far-so-good/] AJ

The enactment of the “secondary legislation” to implement Mexico’s energy reform is an impressive step forward. That country’s economic future could be fundamentally transformed, if Mexico’s leaders follow through on a transparent, sustained effort to modernize the oil, gas, and electricity sectors and keep government spending and interference from undermining prosperity. For the first time in 80 years, Mexico has opened the door to private investment in the energy sector, leaving behind years of anachronistic resource nationalism that has contributed to the decline of the state-owned oil company, Pemex, and the Federal Electricity Commission (CFE). Insufficient investment in exploration and infrastructure, over-taxation, political interference, union influence, and corruption all have contributed to the decline of Pemex. From 2001 to 2013, oil production in Mexico fell more than 30 percent. Meanwhile, the CFE has lost almost a billion dollars in 2012 and 2013 for similar reasons. Without the ability to receive investment and cutting-edge technology from the private sector, these companies will continue to underperform. Measures to invigorate an industry that is crucial to Mexico’s growth have been discussed for decades. The industry needs to be open to private capital and competition to have the necessary tools to leverage Mexico’s energy resources. However, until very recently, the debate has been gridlocked—polarized between reformers who understand the need to modernize the sector and politicians wielding nationalist arguments to protect entrenched interests and to cling to economic power. In the past, meaningful reforms were blocked by stalwarts of the Institutional Revolutionary Party (PRI), which governed Mexico for over 70 years until 2000, that venerated the 1930’s nationalization of the oil industry as part of its legacy. The first tentative steps toward energy reform were taken during the administration of former president Felipe Calderón (2006-12), of the conservative National Action Party (PAN). However, his efforts were thwarted by the powerful oil workers’ union and its political allies. The current reform is part of an historic economic reform agenda of Enrique Peña Nieto, who reclaimed the presidency for the PRI almost two years ago. Although the far left continued to oppose these measures, Peña Nieto delivered the solid backing of the PRI and worked with the PAN opposition to win congressional approval. These hard-won reforms will show their true potential if they are implemented vigorously and transparently, as Peña Nieto has pledged. In particular, because Pemex remains the property of the state, how it is restructured and managed is more important than ever. Moreover, prudence and restraint in government spending will be just as crucial to boosting the economic prosperity of the country. Former PRI president José López Portillo (1976-82) governed Mexico when the discovery of billions of barrels in oil reserves promised to convert the country from a mediocre oil producer to one of the most important exporters in the world. That opportunity was squandered with the adoption of unorthodox economic policies and profligate spending. Instead of bringing prosperity to Mexico, these policies led the country to bankruptcy. In Brazil, a similar energy reform was implemented in 1997, and the state-run oil company Petrobras was allowed to receive outside investments and technology and forced to compete with private companies. Today, due to statist and populist policies, Petrobras cannot fulfill the expectations from vast oil discoveries because too much of its revenue has been redirected to social programs aimed at buying votes rather than advancing the long-term prosperity of the country. During the administrations of presidents Luiz Inácio “Lula” da Silva and Dilma Rousseff, government spending, corruption and mismanagement have stunted the growth of an energy sector that should be a powerful engine of growth. Mexican leaders can learn from these experiences and make choices that will advance the sustained wellbeing of their people rather than short-run gain of politicians. Peña Nieto already has exceeded expectations by committing his presidency to the modernization of the energy and electricity industries. His vigorous and transparent implementation of these reforms, as well as his careful management of the economy and government spending, will determine whether he succeeds where others have failed.

#### Nieto key to oil and natural gas production in Mexico and supplying the US – other parties are still opposed

Seelke 1/27 [Clare Ribando Seelke Specialist in Latin American Affairs M. Angeles Villarreal Specialist in International Trade and Finance Michael Ratner Specialist in Energy Policy Phillip Brown Specialist in Energy Policy. Mexico’s Oil and Gas Sector: Background, Reform Efforts, and Implications for the United States. Congressional Research Service. January 27, 2015] AJ

The future of oil and natural gas production in Mexico is of importance for both Mexico’s economic growth, as well as for U.S. energy security, a key congressional interest. Mexico is a top trade partner and crude oil supplier to the United States. Mexico’s state oil company, Petroleos Mexicanos (Pemex) remains an important source of government revenue even as it is struggling to counter declining oil production and reserves. Due to an inability to meet rising demand, Mexico has also significantly increased natural gas imports from the United States. Still, gas shortages have hindered the country’s economic performance, including in manufacturing sectors that are highly integrated with U.S. industries. On December 20, 2013, Mexican President Enrique Peña Nieto signed historic constitutional reforms related to Mexico’s energy sector aimed at reversing oil and gas production declines. On August 11, 2014, secondary laws to implement those reforms officially opened Mexico’s oil, natural gas, and power sectors to private investment. As a result, Pemex can now partner with international companies that have the experience and capital required for exploring Mexico’s vast deep water and shale resources. Leftist parties and others remain opposed to the reforms, maintaining that the reforms cede control over Mexico’s natural resources without ensuring that those resources are developed in a sustainable way that benefits the Mexican people. The energy reforms transform Pemex into a “productive state enterprise” with more autonomy and a lower tax burden than before, but make it subject to competition with private investors. They create different types of contracts for private companies interested in investing in Mexico, including production-sharing and licensing; allow companies to post reserves for accounting purposes; establish a sovereign wealth fund; and create new regulators. In August 2014, Mexico’s Secretariat of Energy announced the results of “round zero,” which defines the exploratory and production areas that Pemex can retain. Pemex is likely to partner with private companies to exploit many of those areas. The first round of public bidding began in December 2014 for shallow-water fields; it is expected to conclude by mid-2015. Pemex officials have said that “round one” has attracted significant interest, despite the recent dramatic decline in oil prices. The U.S. Congress has legislative and oversight interests in examining the implications of Mexico’s oil and natural gas reforms on U.S. hydrocarbons imports and exports, bilateral trade and investment, and economic conditions in Mexico. In December 2013, Congress approved the U.S.-Mexico Transboundary Hydrocarbons Agreement (P.L. 113-67), which aims to facilitate joint development of oil and natural gas in part of the Gulf of Mexico. The 114th Congress is likely to consider legislative proposals to speed up energy infrastructure development, including cross-border natural gas pipelines, as was approved by the House on January 21, 2015 (H.R. 161). Congress may also consider proposals to revise U.S. crude oil export policy.

#### Energy cooperation is at the core of US Mexico relations

Baker Institute 11 – (August 28th 2011, James a. Baker III Institute for Public Policy of Rice University, A non-partisan organizations focusing on the study, formulation, execution, and criticism of public policy, “THE FUTURE OF OIL IN MEXICO,” http://bakerinstitute.org/programs/energy-forum/news/news/the-future-of-oil-in-mexico)

The energy industry plays an important role in the Mexican economy, and energy trade is a major component to the U.S.-Mexico relationship. The Mexican government relies on the oil industry for 35 percent of total government revenues, including taxes and direct payments from Petróleos Mexicanos (Pemex), the state oil company. Mexico is the third-largest foreign crude oil supplier to the United States. However, with declining production and rising demand, Mexico could become a net oil importer in the coming decade. President Calderón pushed for energy sector reform in Mexico, but more reforms will be needed for Mexico to reverse its current path toward importer status. To examine these issues, this study identifies the dynamics of the political trends in Mexico that will impact future energy policy. Through this project, the Baker Institute seeks to promote a better understanding of the challenges facing Mexico’s oil sector and to enhance the debate among policymakers, the media and industry on these important issues.

#### Strong relations are key to effective border security strategies and intelligence sharing – Nieto is independently key

Fox News Latino 13 (U.S. Wants More Intelligence Cooperation With Mexico, White House Report States; http://latino.foxnews.com/latino/news/2013/07/05/us-wants-more-intelligence-cooperation-with-mexico-white-house-report-states/. 7/5/13)

A newly released White House report on the U.S. border with Mexico highlights the Obama administration's strategic shift toward forgoing a closer working relationship with its southern neighbor. This, despite recent restrictions by Enrique Peña Nieto's government on who American intelligence services can contact in Mexico. The White House's 2013 National Southwest Border Counternarcotics Strategy illustrated nine points that focus on interdiction, tackling drug cartels along the border, halting money laundering, building up stronger communities and strengthening ties between the two nations in terms of counternarcotics. “The U.S.-Mexican bilateral relationship continues to grow based on strong, multi-layered institutional ties,” the report stated. “Based on principles of shared responsibility, mutual trust, and respect for sovereign independence, the two countries’ efforts have built confidence that continues to transform and strengthen the bilateral relationship in 2013 and beyond.” While the U.S. report touts a need for greater cooperation, new Mexican security policies could hamper that. A recent decision by the Mexican government has ordered a halt in direct communications between American intelligence agencies and their counterparts south of the border. Now instead of directly consulting local law enforcement, agencies like the DEA and FBI will have to contact Mexico's Interior Ministry before being passed along through the proper channels. Intelligence sharing, however, was a major talking point when President Barack Obama met with his Mexican counterpart back in May. Despite scarce details about the meeting, the two leaders discussed border security and the use of drones along the 1,954-mile shared border. Peña Nieto downplayed the notion that the new, more centralized arrangement would damage its security partnership with the United States. He said Obama agreed during their private meeting earlier in the day to "cooperate on the basis of mutual respect" to promote an efficient and effective strategy. "I think the U.S. government wants to make sure that Peña Nieto is on the same page as Obama, that he wants to pursue the cartels as consistently and aggressively as [former Mexican President] Calderón did during his presidency," Alex Sanchez, a security analyst at the Council on Hemispheric Affairs, told ABC News. Even as the Obama administration hopes that Peña Nieto will continue to go on the offensive against the drug cartels in Mexico, the report suggests a more humanitarian approach to the drug war. Besides counternarcotics efforts, a solid portion of the report concerns community building measures along the border, ways to deal with substance abuse and violence, as well as health and education programs.

#### Border security key to prevent bioterror.

Carter 10 (Sara, Journalist specializing in terrorist activity, http://www.washingtontimes.com/news/2009/jun/3/al-qaeda-eyes-bio-attack-via-mexico-border/print/, accessed 7/30/10)

U.S. counterterrorism officials have authenticated a video by an al Qaeda recruiter threatening to smuggle a biological weapon into the United States via tunnels under the Mexico border, the latest sign of the terrorist group's determination to stage another mass-casualty attack on the U.S. homeland. The video aired earlier this year as a recruitment tool makes clear that al Qaeda is looking to exploit weaknesses in U.S. border security and also is willing to ally itself with white militia groups or other anti-government entities interested in carrying out an attack inside the United States, according to counterterrorism officials interviewed by The Washington Times. The officials, who spoke only on the condition they not be named because of the sensitive nature of their work, stressed that there is no credible information that al Qaeda has acquired the capabilities to carry out a mass biological attack although its members have clearly sought the expertise. The video first aired by the Arabic news network Al Jazeera in February and later posted to several Web sites shows Kuwaiti dissident Abdullah al-Nafisi telling a room full of supporters in Bahrain that al Qaeda is casing the U.S. border with Mexico to assess how to send terrorists and weapons into the U.S. "Four pounds of anthrax -- in a suitcase this big -- carried by a fighter through tunnels from Mexico into the U.S. are guaranteed to kill 330,000 Americans within a single hour if it is properly spread in population centers there," the recruiter said. "What a horrifying idea; 9/11 will be small change in comparison. Am I right? There is no need for airplanes, conspiracies, timings and so on. One person, with the courage to carry 4 pounds of anthrax, will go to the White House lawn, and will spread this 'confetti' all over them, and then we'll do these cries of joy. It will turn into a real celebration." In the video, obtained and translated by the Middle East Media Research Institute, al-Nafisi also suggests that al Qaeda might want to collaborate with members of native U.S. white supremacist militias who hate the federal government. Sean Smith, a spokesman for Homeland Security Secretary Janet Napolitano, said the U.S. takes such threats seriously. "We can never stop being vigilant while there are individuals who seek to do harm on the American people," he said. "We continue to step up our efforts with additional personnel and better technology along the northern and southern borders and continue to strengthen our sea, land and air ports of entry." A U.S. counterterrorism official, speaking on the condition of anonymity, said al-Nafisi is a "person of interest" and a veteran recruiter for al Qaeda. Misidentified on some blog sites as a professor, he is a Kuwaiti dissident and al Qaeda associate who is thought to have communicated with senior al Qaeda leaders in recent years, the counterterrorism official said. The recruiter is also said to have close ties to Mullah Mohammed Omar, the senior Afghan Taliban leader now thought to be in Pakistan. Al-Nafisi "is a significant ideological player in terrorist circles, and that makes him dangerous because he can inspire his followers to do extremely bad things," the official said. Drug Enforcement Administration and Defense Department officials have been paying close attention to links between various terrorist organizations, such as Hezbollah, and drug cartels in South America, Central America and Mexico. "It shouldn't be a surprise to anyone that terrorist organizations would utilize the border to enter the U.S.," said a DEA official who also asked not to be named because of his involvement in ongoing intelligence operations. "We can't ignore any threat or detail when it comes to al Qaeda and other terrorist organizations bent on attacking the U.S." The Times first reported in March that Hezbollah -- an Iran-backed group based in Lebanon -- is using routes that Mexican drug lords control to smuggle contraband and people into the United States to finance operations.

#### Bioterrorism causes extinction—no barriers to use and terrorists pursuing now

Myhrvold 13 [Nathan, PhD in Theoretical and Mathematical Physics from Princeton, and founded Intellectual Ventures after retiring as Chief Strategist and Chief Technology Officer of Microsoft Corporation, July, "Stratgic Terrorism: A Call to Action," http://www.lawfareblog.com/wp-content/uploads/2013/07/Strategic-Terrorism-Myhrvold-7-3-2013.pdf]

A virus genetically engineered to infect its host quickly, to generate symptoms slowly—say, only after weeks or months—and to spread easily through the air or by casual contact would be vastly more devastating than HIV. It could silently penetrate the population to unleash its deadly effects suddenly. This type of epidemic would be almost impossible to combat because most of the infections would occur before the epidemic became obvious. A technologically sophisticated terrorist group could develop such a virus and kill a large part of humanity with it. Indeed, terrorists may not have to develop it themselves: some scientist may do so first and publish the details. Given the rate at which biologists are making discoveries about viruses and the immune system, at some point in the near future, someone may create artificial pathogens that could drive the human race to extinction. Indeed, a detailed species-elimination plan of this nature was openly proposed in a scientific journal. The ostensible purpose of that particular research was to suggest a way to extirpate the malaria mosquito, but similar techniques could be directed toward humans.16 When I’ve talked to molecular biologists about this method, they are quick to point out that it is slow and easily detectable and could be fought with biotech remedies. If you challenge them to come up with improvements to the suggested attack plan, however, they have plenty of ideas. Modern biotechnology will soon be capable, if it is not already, of bringing about the demise of the human race— or at least of killing a sufficient number of people to end high-tech civilization and set humanity back 1,000 years or more. That terrorist groups could achieve this level of technological sophistication may seem far-fetched, but keep in mind that it takes only a handful of individuals to accomplish these tasks. Never has lethal power of this potency been accessible to so few, so easily. Even more dramatically than nuclear proliferation, modern biological science has frighteningly undermined the correlation between the lethality of a weapon and its cost, a fundamentally stabilizing mechanism throughout history. Access to extremely lethal agents—lethal enough to exterminate Homo sapiens—will be available to anybody with a solid background in biology, terrorists included. The 9/11 attacks involved at least four pilots, each of whom had sufficient education to enroll in flight schools and complete several years of training. Bin laden had a degree in civil engineering. Mohammed Atta attended a German university, where he earned a master’s degree in urban planning—not a field he likely chose for its relevance to terrorism. A future set of terrorists could just as easily be students of molecular biology who enter their studies innocently enough but later put their skills to homicidal use. Hundreds of universities in Europe and Asia have curricula sufficient to train people in the skills necessary to make a sophisticated biological weapon, and hundreds more in the United States accept students from all over the world. Thus it seems likely that sometime in the near future a small band of terrorists, or even a single misanthropic individual, will overcome our best defenses and do something truly terrible, such as fashion a bioweapon that could kill millions or even billions of people. Indeed, the creation of such weapons within the next 20 years seems to be a virtual certainty. The repercussions of their use are hard to estimate. One approach is to look at how the scale of destruction they may cause compares with that of other calamities that the human race has faced.

#### Oil

The future of oil and natural gas production in Mexico is of importance for both Mexico’s economic growth, as well as for U.S. energy security, a key congressional interest. Mexico is a top trade partner and crude oil supplier to the United States. Mexico’s state oil company, Petroleos Mexicanos (Pemex) remains an important source of government revenue even as it is struggling to counter declining oil production and reserves. Due to an inability to meet rising demand, Mexico has also significantly increased natural gas imports from the United States. Still, gas shortages have hindered the country’s economic performance, including in manufacturing sectors that are highly integrated with U.S. industries.

On December 20, 2013, Mexican President Enrique Peña Nieto signed historic constitutional reforms related to Mexico’s energy sector aimed at reversing oil and gas production declines. On August 11, 2014, secondary laws to implement those reforms officially opened Mexico’s oil, natural gas, and power sectors to private investment. As a result, Pemex can now partner with international companies that have the experience and capital required for exploring Mexico’s vast deep water and shale resources. Leftist parties and others remain opposed to the reforms, maintaining that the reforms cede control over Mexico’s natural resources without ensuring that those resources are developed in a sustainable way that benefits the Mexican people.

The energy reforms transform Pemex into a “productive state enterprise” with more autonomy and a lower tax burden than before, but make it subject to competition with private investors. They create different types of contracts for private companies interested in investing in Mexico, including production-sharing and licensing; allow companies to post reserves for accounting purposes; establish a sovereign wealth fund; and create new regulators. In August 2014, Mexico’s Secretariat of Energy announced the results of “round zero,” which defines the exploratory and production areas that Pemex can retain. Pemex is likely to partner with private companies to exploit many of those areas. The first round of public bidding began in December 2014 for shallow-water fields; it is expected to conclude by mid-2015. Pemex officials have said that “round one” has attracted significant interest, despite the recent dramatic decline in oil prices.

The U.S. Congress has legislative and oversight interests in examining the implications of Mexico’s oil and natural gas reforms on U.S. hydrocarbons imports and exports, bilateral trade and investment, and economic conditions in Mexico. In December 2013, Congress approved the U.S.-Mexico Transboundary Hydrocarbons Agreement (P.L. 113-67), which aims to facilitate joint development of oil and natural gas in part of the Gulf of Mexico. The 114th Congress is likely to consider legislative proposals to speed up energy infrastructure development, including cross-border natural gas pipelines, as was approved by the House on January 21, 2015 (H.R. 161). Congress may also consider proposals to revise U.S. crude oil export policy.

The opening of Mexico’s oil and natural gas sector could expand U.S.-Mexico energy trade and provide opportunities for U.S. companies involved in the hydrocarbons sector, as well as infrastructure and other oil field services. If these reforms accelerate growth and investment in Mexico (as the government has stated) they could also benefit North American competitiveness. Industry analysts maintain that the reforms are generally well-designed, but that the way they are implemented will likely determine whether they prove to be as transformative as the Mexican government expects. The success of the reforms may also depend on trends in global oil prices. Should oil prices remain at current levels, shale resources and other unconventional fields may not be feasible to develop at this time.

### Border Security

#### Energy cooperation is at the core of US Mexico relations

Baker Institute 11 – (August 28th 2011, James a. Baker III Institute for Public Policy of Rice University, A non-partisan organizations focusing on the study, formulation, execution, and criticism of public policy, “THE FUTURE OF OIL IN MEXICO,” http://bakerinstitute.org/programs/energy-forum/news/news/the-future-of-oil-in-mexico)

The energy industry plays an important role in the Mexican economy, and energy trade is a major component to the U.S.-Mexico relationship. The Mexican government relies on the oil industry for 35 percent of total government revenues, including taxes and direct payments from Petróleos Mexicanos (Pemex), the state oil company. Mexico is the third-largest foreign crude oil supplier to the United States. However, with declining production and rising demand, Mexico could become a net oil importer in the coming decade. President Calderón pushed for energy sector reform in Mexico, but more reforms will be needed for Mexico to reverse its current path toward importer status. To examine these issues, this study identifies the dynamics of the political trends in Mexico that will impact future energy policy. Through this project, the Baker Institute seeks to promote a better understanding of the challenges facing Mexico’s oil sector and to enhance the debate among policymakers, the media and industry on these important issues.

And, border vulnerabilities make CBW and nuclear terrorism inevitable

Krikorian 2004 (Mark, Executive Director of the Center for Immigration Studies, MA from Fletcher School of Law and Diplomacy at Tufts University, “Keeping Terror Out: Immigration Policy and Asymmetric Warfare”, April 2004, http://www.cis.org/node/380)

Because of the asymmetric nature of the threat, the burden of homeland defense is not borne mainly by our armed forces but by agencies formerly seen as civilian entities - mainly the Department of Homeland Security (DHS). And of DHS's expansive portfolio, immigration control is central. The reason is elementary: no matter the weapon or delivery system - hijacked airliners, shipping containers, suitcase nukes, anthrax spores - operatives are required to carry out the attacks. Those operatives have to enter and work in the United States. In a very real sense, the primary weapons of our enemies are not inanimate objects at all, but rather the terrorists themselves - especially in the case of suicide attackers. Thus keeping the terrorists out or apprehending them after they get in is indispensable to victory. As President Bush said recently, "Our country is a battlefield in the first war of the 21st century."

Nuclear terrorism is inevitable in the status quo—only shutting down the border will solve

Graham Allison, Prof @ Harvard, 25 January 2010 (Foreign Policy, A Failure to Imagine the Worst, http://www.foreignpolicy.com/articles/2010/01/25/a\_failure\_to\_imagine\_the\_worst?page=0,0)

In his first speech to the U.N. Security Council, U.S. President Barack Obama challenged members to think about the impact of a single nuclear bomb. He said: "Just one nuclear weapon exploded in a city -- be it New York or Moscow, Tokyo or Beijing, London or Paris -- could kill hundreds of thousands of people." The consequences, he noted, would "destabilize our security, our economies, and our very way of life." Before the Sept. 11, 2001, assault on the World Trade Center and Pentagon, who could have imagined that terrorists would mount an attack on the American homeland that would kill more citizens than Japan did at Pearl Harbor? As then-Secretary of State Condoleezza Rice testified to the 9/11 Commission: "No one could have imagined them taking a plane, slamming it into the Pentagon ... into the World Trade Center, using planes as missiles." For most Americans, the idea of international terrorists conducting a successful attack on their homeland, killing thousands of citizens, was not just unlikely. It was inconceivable. As is now evident, assertions about what is "imaginable" or "conceivable," however, are propositions about our minds, not about what is objectively possible. Prior to 9/11, how unlikely was a megaterrorist attack on the American homeland? In the previous decade, al Qaeda attacks on the World Trade Center in 1993, U.S. embassies in Kenya and Tanzania in 1998, and the USS Cole in 2000 had together killed almost 250 and injured nearly 6,000. Moreover, the organization was actively training thousands of recruits in camps in Afghanistan for future terrorist operations. Thinking about risks we face today, we should reflect on the major conclusion of the bipartisan 9/11 Commission established to investigate that catastrophe. The U.S. national security establishment's principal failure prior to Sept. 11, 2001, was, the commission found, a "failure of imagination." Summarized in a single sentence, the question now is: Are we at risk of an equivalent failure to imagine a nuclear 9/11? After the recent attempted terrorist attack on Northwest Airlines Flight 253, this question is more urgent than ever. The thought that terrorists could successfully explode a nuclear bomb in an American city killing hundreds of thousands of people seems incomprehensible. This essential incredulity is rooted in three deeply ingrained presumptions. First, no one could seriously intend to kill hundreds of thousands of people in a single attack. Second, only states are capable of mass destruction; nonstate actors would be unable to build or use nuclear weapons. Third, terrorists would not be able to deliver a nuclear bomb to an American city. In a nutshell, these presumptions lead to the conclusion: inconceivable. Why then does Obama call nuclear terrorism "the single most important national security threat that we face" and "a threat that rises above all others in urgency?" Why the unanimity among those who have shouldered responsibility for U.S. national security in recent years that this is a grave and present danger? In former CIA Director George Tenet's assessment, "the main threat is the nuclear one. I am convinced that this is where [Osama bin Laden] and his operatives desperately want to go." When asked recently what keeps him awake at night, Secretary of Defense Robert Gates answered: "It's the thought of a terrorist ending up with a weapon of mass destruction, especially nuclear." Leaders who have reached this conclusion about the genuine urgency of the nuclear terrorist threat are not unaware of their skeptics' presumptions. Rather, they have examined the evidence, much of which has been painstakingly compiled here by Rolf Mowatt-Larssen, former head of the CIA's terrorism and weapons-of-mass-destruction efforts, and much of which remains classified. Specifically, who is seriously motivated to kill hundreds of thousands of Americans? Osama bin Laden, who has declared his intention to kill "4 million Americans -- including 2 million children." The deeply held belief that even if they wanted to, "men in caves can't do this" was then Pakistani President Pervez Musharraf's view when Tenet flew to Islamabad to see him after 9/11. As Tenet (assisted by Mowatt-Larssen) took him step by step through the evidence, he discovered that indeed they could. Terrorists' opportunities to bring a bomb into the United States follow the same trails along which 275 tons of drugs and 3 million people crossed U.S. borders illegally last year. In 2007, Congress established a successor to the 9/11 Commission to focus on terrorism using weapons of mass destruction. This bipartisan Commission on the Prevention of WMD Proliferation and Terrorism issued its report to Congress and the Obama administration in December 2008. In the commission's unanimous judgment: "it is more likely than not that a weapon of mass destruction will be used in a terrorist attack somewhere in the world by the end of 2013." Faced with the possibility of an American Hiroshima, many Americans are paralyzed by a combination of denial and fatalism. Either it hasn't happened, so it's not going to happen; or, if it is going to happen, there's nothing we can do to stop it. Both propositions are wrong. The countdown to a nuclear 9/11 can be stopped, but only by realistic recognition of the threat, a clear agenda for action, and relentless determination to pursue it.

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### Cartel Update

#### Cartels just shifted to harder drugs

Grillo 4/8 [Ioan Grillo/Mexico City. U.S. Legalization of Marijuana Has Hit Mexican Cartels’ Cross-Border Trade. TIME 4/8/15] AJ

Despite the drop in homicides, Mexico’s violence is still at painful levels. In September, cartel thugs working with corrupt police attacked a group of students, killing three and abducting 43. The atrocity caused hundreds of thousands to take to the streets to protest corruption and bloodshed. On Monday, cartel gunmen ambushed police in Jalisco state, killing 15 in one of the worst attacks on security forces in recent years. A key problem is that cartels have diversified to a portfolio of other crimes, from sex trafficking to stealing crude oil from Mexican pipelines. They also make billions smuggling hard drugs. Seizures of both heroin and crystal meth on the U.S.-Mexico border have gone up as those of marijuana have sunk, according to U.S. Homeland Security, with agents nabbing a record 34,840 pounds of meth in 2014. In total, Americans spend about $100 billion on illegal drugs every year, according to a White House report. The estimate puts marijuana at about 40% of this, so the legal industry still only accounts for a fraction of the total. One restriction to growth is that U.S. federal law still prohibits cannabis, making banking difficult and scaring investors.

### Cartels Impacts

#### Cartels will acquire and use biological weapons in turf wars

Leitner 12 Dr. Peter M. Leitner is Senior Strategic Trade Advisor at the Defense Department. The nexus between organized crime and terrorism: the case of Mexico and WMD http://www.standupamericaus.org/sua/wp-content/uploads/2012/06/MEXICAN\_ORGANIZED\_CRIME\_-TERR.pdf

For any of these benefits to be achieved, and to avoid a devastating preemptive action by national governments, it is essential for the cartels to be clandestine in the weapons development and acquisition stages. This need for secrecy will be influential in dictating weapons choice and therefore may point to the selection of biological weapons as the most obtainable and concealable form of unconventional weapon within the reach of drug cartels. The primary advantages biological weapons offer are low cost, ease of acquisition, construction and concealment, potential lethality, the ability to select a specific weapon for a specific result, disproportionate psychological impact.

#### Cartels will develop WMDs to attack rivals – extinction

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However, there is one underlying trend among the murder statistics that may indicate that the cartels could consider deploying WMD in their own right and for their own purposes. This trend is the introduction and rapidly rising use of decapitation by the cartels to terrorize their enemies, the surrounding civilian populations, and potential defectors within their own organizations. Decapitation serves no purpose other than to terrorize a general and targeted audience. As seen in Figure 2 above, the number of such acts has skyrocketed from 17 in 2006 to more than 220 in 2010. 10 These acts are perhaps the best indicator of an increasing degree of ruthlessness in drug cartel operations as well as their propensity for greater and more unrestricted levels of violence. Such an index of ruthlessness may perhaps serve as an impol1ant indicator or warning of the potential inclination to introduce WMD into their operational planning. Of course such an indicator cannot stand on its own as conclusive evidence that such a direction may be underway. It may however be a valid trigger to study other trends and patterns so that a systematic assessment may be performed. Such an index could focus upon two parallel tracks. The first track identifies underlying behaviors embedded within the overall violence statistics that are judged to be characteristic of a lack of restraint -- calculated to generate as much fear and retribution as possible. The second track would monitor likely reservoirs of materials, people, and organizations capable of contributing to the development, weaponization, and delivery of a weapon of mass destruction.

#### Continues:

Leitner 12 Dr. Peter M. Leitner is Senior Strategic Trade Advisor at the Defense Department. The nexus between organized crime and terrorism: the case of Mexico and WMD http://www.standupamericaus.org/sua/wp-content/uploads/2012/06/MEXICAN\_ORGANIZED\_CRIME\_-TERR.pdf

Another take on the nature of the violence can be seen in Figure (), which arrays the evolution in the types of weapons and tactics employed by the cartels. Readily seen is the escalation in firepower, strategies, and loss of restraint accompanying each step in the ratcheting up of the scope and area of influence of cartel activity within Mexico. This figure suggests that the next major level of escalation may be the introduction of Weapons of Mass Destruction into their arsenal. Unfortunately this is not a far-fetched notion but one with great potential to offset the combined conventional military and police effectiveness of Mexican interdiction and antipersonnel activities upon cartel operations and survivability. As Mexican counterdrug operations have focused on the search and destroy model in response to murderously successful cartel tactics, keep in mind that individual cartels will experience an extreme but limited life cycle that often ends in the deaths of their leadership. These realities increase the probability that the all-out war mindset will result in WMD being an attractive option for those with nothing to lose.

#### They would get and use WMDs in an all-out war

Leitner 12 Dr. Peter M. Leitner is Senior Strategic Trade Advisor at the Defense Department. The nexus between organized crime and terrorism: the case of Mexico and WMD http://www.standupamericaus.org/sua/wp-content/uploads/2012/06/MEXICAN\_ORGANIZED\_CRIME\_-TERR.pdf

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#### Nuclear terror

Morris 13 [BY EVELYN KRACHE MORRIS. Think Again: Mexican Drug Cartels. Foreign Policy December 4 2013. http://foreignpolicy.com/2013/12/04/think-again-mexican-drug-cartels/] AJ

“Drugs Aren’t a Foreign Policy Problem.” You might think so for all the attention they get. As U.S. officials and commentators focus on events in Syria, Egypt, and Iran, another violent struggle is taking place much closer to home. The rise of drug-trafficking organizations (DTOs) in Mexico has fueled crime on both sides of the border and has undermined the economy of an important trading partner of the United States. Since 2006, more than 60,000 people have been killed in DTO-related violence, and more than 26,000 have gone missing. The violence has spread from rural Mexico to major cities like Guadalajara and Mexico City, where, this May, armed men kidnapped 12 young people from a nightclub. The bodies of 10 of the abductees were later found in a mass grave outside the city; officials think they were killed as part of an ongoing war between rival drug gangs in the capital. Despite enormous casualties, including members of U.S. law enforcement, the turmoil in Mexico does not receive nearly the level of scrutiny or attention from the U.S. government that conflicts in other countries do. During six hours of presidential debate in the 2012 campaign, for example, there was not a single direct mention of Mexico. This is particularly puzzling given the close geographic, economic, and cultural ties between Mexico and the United States. The two countries share a 1,933-mile border that 350 million people cross legally each year, making it the world’s busiest. Mexico is the United States’ second-biggest export market and its third-largest import supplier. And a 2011 Gallup poll found that 84 percent of Americans think that what happens in Mexico is either “vitally important” or “important but not vital” to the United States — more than said the same about Afghanistan, Iran, or Pakistan. The official U.S. neglect of the Mexican cartels is partly a function of the complex challenges they present. Violence connected with DTOs is no longer limited to northern Mexico but now reaches throughout the country. This expansion not only poses a foreign policy problem for Washington, but it also exacerbates several of the most intractable domestic issues facing the United States, including immigration reform and gun control. A first step toward controlling the cartels would be to better understand how they function. The Mexican drug-trafficking organizations are a collection of criminal enterprises. Some, such as the Gulf cartel, have existed for decades; others, such as Los Gueros, are relative newcomers. Because of shifting alliances and breakaway cells, it is almost impossible to state definitively which cartels are in operation at any one time, and the extent of the crime, corruption, and instability associated with them has been difficult to quantify precisely. Without a clearer idea of what the DTOs are doing, the violence will only continue. “The Cartels Are Focused on Drugs.” Drugs are just the tip of the iceberg. In the popular U.S. television series Breaking Bad, about a high school teacher turned methamphetamine kingpin, there was an instructive exchange. When the show’s antihero, Walter White, was asked whether he “was in the meth business or the money business,” he replied, “I’m in the empire business.” The same can be said of the DTOs, which are independent and competing entities — not an association like OPEC. The sale of cocaine, heroin, marijuana, and meth remains extremely profitable. The U.S. Justice Department has put the cartels’ U.S. drug trade at $39 billion annually. But the DTOs have diversified their business considerably, both to increase their profits and to exclude rivals from new sources of revenue. For example, they are dealing increasingly in pirated intellectual property, like counterfeit software, CDs, and DVDs. The most destructive new “product,” however, is people. The cartels have built a multibillion-dollar business in human trafficking, including the shipment of both illegal immigrants and sex workers. What the DTOs are really selling is logistics, much like Wal-Mart and Amazon.com. Wal-Mart was one of the first retailers to run its own fleet of trucks, providing tailored shipping at a lower cost that in turn gave the company an edge over its competitors. Similarly, Amazon may have started as a bookseller, but its dominance, as Fast Company put it, is “now less about what it sells than how it sells,” providing a distribution hub for all sorts of products. Drug-trafficking organizations are using the same philosophy to cut costs, better control distribution, and develop new sources of revenue. The one element of the U.S.-Mexico relationship that has received no shortage of attention is the border, yet the technology and money dedicated to enhancing security there have not been enough to thwart creative DTOs. The Sinaloa cartel, for example, has an extensive network of expertly constructed tunnels under the border, some featuring air-conditioning. (The workers who build the tunnels are frequently executed after the work is completed.) At the other extreme, traffickers have used catapults to launch deliveries from Mexico into the United States. Logistics, then, are the DTOs’ main source of revenue, and illegal drugs are but one of the products they offer. As the cartels’ revenue streams become increasingly diversified, the drug trade will become less and less important. In fact, the prospect of the DTOs’ selling their services to terrorists, say by transporting weapons of mass destruction across the U.S.-Mexico border, has begun to frighten analysts both inside and outside government.

## Hong Kong

### Protests update ndca

Aa

#### Updates

Economist 3/21 [Aisles apart: Protests about mainland shoppers reveal graver problems. http://www.economist.com/news/china/21646794-protests-about-mainland-shoppers-reveal-graver-problems-aisles-apart] AJ

LATE last year thousands of pro-democracy demonstrators poured onto the streets of Hong Kong calling for the right to elect the city’s leader in 2017, free of interference by the central government in Beijing. In recent weeks protests have flared again; far smaller this time, but more violent and similarly fuelled by resentment of the mainland’s encroachment. At issue has been the hordes of mainland Chinese who visit Hong Kong to buy goods for black-market resale at home, a racket described locally as “parallel trading”. These new and nastier outbursts are about far more than shopping; they suggest that antagonism towards the mainland is deepening and spreading beyond the territory’s urban core. This is causing anxiety among officials on both sides of the border.

#### Protests in Hong Kong are gaining visibility and traction – arrests are rising and protesters are not budging

Ngo 3/25 [Joyce Ng and Clifford Lo. Occupy by stealth? Hong Kong protest camp grows as demonstrators mark six months of movement. 3/25/15. http://www.scmp.com/news/hong-kong/article/1746999/occupy-camp-grows-admiralty-protesters-mark-six-months-start-movement. South China Morning Post] AJ

Pro-democracy protesters are gathering at the site of Occupy Central's main camp to commemorate six months since the mass sit-ins began last year. A tent community has been slowly expanding on the pavement outside the Admiralty government headquarters since police cleared Occupy's base camp on Harcourt Road and the adjoining roads in December, ending the 79-day mass sit-in. The latest feature is a "study room", which started to fully function three days ago. With seven benches, lit by fluorescent tubes powered by charging packs, the corner is a smaller version of Occupy's study room on Harcourt Road at the height of the protests. "I have grown accustomed to this place," said Chloe Lei Ho-yi, a Form Five student who came to study yesterday evening along with two friends after learning from social media about the return of the study room. "I can do things here that I can't do in other study rooms: talking about political reform, parallel trading and the airport third runway. It's too quiet elsewhere," she said. According to Facebook page "Umbrella Movement Tents Population Census", which keeps regular track of the site, the number of tents in Admiralty has grown from 78 in mid-December to 147 on Tuesday. At the peak of the protest, there were more than 2,000 tents in the area. Since the police clearance, dozens of tents have remained at the demonstration near the Legislative Council and outside the government headquarters' forecourt, known as "Civic Square". But as Legco banned protesters from staying overnight and construction work for a footbridge at the complex started, the tents have gradually moved outwards and become more visible on Harcourt Road. "I want to be seen here, so people will know we still want genuine universal suffrage," said Lo Kai-pak, a Form Two student. Tables in the study room were made by several carpenters who set up the original study room on Harcourt Road last year, said Simon Wong, aged in his 70s. He has been taking care of a library, called "democracy university", with others in past months. "Students have kept coming back. They had no place to sit, and they just sat on the ground leaning against the wall. So some suggested bringing back the study room," Wong said. A technician was already thinking of setting up a Wi-fi network for the study corner, he added. The site gets busy at weekends, just as it did during the protests. In the past three weeks, a "mobile democracy classroom" has seen former lawmaker Margaret Ng Ngoi-yee give lectures on the rule of law, which drew an audience of dozens. Some groups are planning to commemorate the half-year anniversary of Occupy, which started on September 28, this weekend in Admiralty and Mong Kok, with activities including forums, exhibitions and craft work. For some, returning to the site is more about nostalgia than to protest. "After so many days of the sit-in, I feel that occupation may not be an effective way to fight for universal suffrage," said Tracy Cheng Hoy-ying, who came along with four classmates to study yesterday. "But it feels like coming home here, although now it's much noisier with the cars back, and I got mosquito bites," said the Form Three student, who helped at one of the resource stations during the sit-in. Wong was not sure how long the camp would last, however, as some government department staff had already come to inspect the area, he said. A police source said that they had no immediate plans to clear tents from the pavement of Tim Mei Avenue, but they would continue to closely monitor the situation. He pointed out that no actual obstruction was caused by protesters as tents were erected on one side of the pavement and passers-by could still use the walkway. The source said: "If an actual obstruction is caused, police will assist responsible government departments to take appropriate action." A total of 955 people have been arrested for various offences during the Occupy protest and another 48 people were arrested after it ended.

#### Tensions are rising

Coonan 3/23 [Hong Kong police step up security after Occupy Central protests. Clifford Connan. 3/23/15. Irish Times. http://www.irishtimes.com/news/world/asia-pacific/hong-kong-police-step-up-security-after-occupy-central-protests-1.2149040. Accessed 4/11/15] AJ

The Hong Kong government is seeking to increase security after the Occupy Central pro-democracy protests in late 2014, which led to widespread unrest and disrupted traffic in the city, as well as a recent round of protests against mainland traders buying up cheap goods in the city. Outside the Happy Valley police station in the former Crown Colony, workmen have been removing the wooden frameworks from around large concrete blocks at the front of the building, while police officers were ordered to step up control of public gatherings in the territory. The officers have been ordered to implement more strictly an existing public order law from 1967, which was used to crack down on pro-Beijing leftist riots against British colonial rule. In recent years, the ordinance has mostly been used against organised criminals from triad gangs, but post- Occupy, officers have been ordered to break up any gathering deemed likely to cause any breach of the peace or threat to public safety.

### Cheng 14

Cheng 14 [Edmund W. Cheng. Department of Government, London School of Economics and Political Science. “Between Ritualistic Protest and Perpetual Struggle: Transformation of Activism in Postcolonial Hong Kong.”] AJ

Aa

#### Protests are common in Hong Kong

Cheng 14 [Edmund W. Cheng. Department of Government, London School of Economics and Political Science. “Between Ritualistic Protest and Perpetual Struggle: Transformation of Activism in Postcolonial Hong Kong.”] AJ

Protected by traditional rights and motivated by institutional incentives, protest per se has become an ordinary phenomenon in Hong Kong. As early as 2000, the Washington Post labelled Hong Kong as the “city of protest”, implying that the new regime was troubled by rising anxiety and discontent (Chandler, 2000). The Hong Kong Public Order Ordinance, which requires advance notification for any public meeting of more than 50 people or public procession of more than 30 people, has traced the intensity of the issue.1 Police records show that there have been 51,915 approved applications out of a total of 51,946 applications between July 1997 and September 2012, which amounts to an average of nine protests of that scale each day (Cheung, 2012). According to the Secretary of Security, this type of protest increased from 2,303 events in 2000 to 6,878 events in 2011 (HKGPR, 19 December 2012).

#### Continues –

However, participation per se does not forecast a profound change in the political attitude of citizens. Onsite and focus group surveys have revealed that even the most loyal rally participants habitually undermine their level of activism. Such participants have remained sceptical of contention, affirming their commitment to defending existing rights and freedoms but disapproving of radical actions (Chan and Lee, 2011:174-175). One should also be reminded that the massive rallies in 2003 and 2004 were primarily caused by the accumulation of socioeconomic downturns dating back to the Asian Financial Crisis in 1997. Their mobilisation rapidly crumbled when the chief executive who was considered responsible for the incompetent governance resigned and the local economy improved. In other words, periodic rallies rely on accumulated grievances based on specific targets, which are neither spontaneous nor perpetual.

#### Protests are starting to become more radical – goes neg

Moving from ritualistic protest to perpetual struggle has led to a profound change in the dynamics of contention in Hong Kong. The dominant strategies of different actors, which are based on the analysis of precedent, have become highly inappropriate, if not irrelevant. Past observations suggest that protests, regardless of their popularity, are moderate and periodic and are eventually channelled into conventional institutions. As a result, the following strategies emerge:

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i. For the government, it must wait and let the crowds to disperse, as all protests are eventually containable. Suppression is both costly and unnecessary.

ii. For the pan-democrats, whose priority is to sustain morale along with the typical ups and downs in the protest cycle, their firm stand on constitutional issues is supplemented by flexible policies on socioeconomic issues.

iii. For the politically active citizens, their participation matters only if it aligns with conventional politics. Marching out in preset, critical moments is the key.

Of course, these strategies are dominant but not exclusive; thus, actors occasionally deviate from them. However, such strategies constitute a pattern for restraining and ascertaining reactions among the groups. Figure 2 summarises the changes in the field performance, opposition reactions, and state decisions between 2005 and 2014, recoding their complexity but primarily emphasising their recurring mechanisms. In contrast to moderate, periodic, and predictable demonstrations or rallies, these salient events have become radical and sustainable, and they either propose ambitious claims or promote changes in the entire socio-political order. The defining feature of the post-2005 contention is its recurring field strategy. Occupation, or sometimes siege, has been transformed into the standard and reinforcing component among the events. This tactic was not altogether precedential in Hong Kong, nor was its potential unanticipated. Similar forms of civil disobedience, such as union strikes, student sit-ins, and even riots, were practised in the late colonial

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era and after the handover, arousing public attention or leading to policy changes (Yep, 2007; Lam, 2004). However, the intensity, duration, and combination with other nonviolent performances, along with interactions with social media and political parties, established a chorus of responses.

### Kao 13

#### MW not indexed to inflation

Kao 13 [Tackling poverty in Hong Kong. Ernest Kao and Jennifer Ngo. South China Morning Post, Sunday, 29 September, 2013. http://www.scmp.com/news/hong-kong/article/1320271/tackling-poverty-hong-kong] AJ

A sizeable increase in the hourly minimum wage, which rose from HK$28 to HK$30 earlier this year, may also help - although such a move would be politically tricky given stern opposition from employers. Chief Secretary Carrie Lam Cheng Yuet-ngor said last week that the wage floor would not be pegged to the poverty line.

#### Social services don’t solve

Many scholars and organisations agree that the government will target the "low-hanging fruit" and introduce a much talked-about supplement for low-income families. The aim would be to help the working poor - those employed on incomes that leave them either below or just slightly above the poverty line. Lam also acknowledged that this would be the government's preferred response. A supplement for hard-working low-income households would face little opposition, yield quick and clear results and buy political goodwill, said Professor Wong Hung of Chinese University's department of social work and welfare.

The argument is that even with the minimum wage and existing poverty-alleviation measures such as CSSA - Hong Kong's catch-all welfare safety net - a nascent work incentive transport subsidy scheme and subsidies on textbooks for poor children, families still struggle to make ends meet.

"A low-income supplement would help ease the suffering of low-income families," Wong said. "But if we are to lift them out of poverty, it still depends mostly on the minimum wage."

According to the Hong Kong Council of Social Service, the number of working poor households - using a definition identical to the new poverty line - rose by 6,000 last year, bringing the total to 191,000. That means 644,000 people are living in working poor households.

More than three-quarters of these households have at least one member in full-time work.

Oxfam Hong Kong was one of the first organisations to propose a low-income working family subsidy.

"A low-income supplement for families is a quick and small push which would lift many out of desperation," said Stephen Fisher, a former government welfare chief who serves as Oxfam's director general.

CSSA has not been popular with working families due to the stigma attached to welfare, Fisher said, with most being unwilling to apply for it.

#### CSSA fails

He also said CSSA had lost its relevance as a tool for alleviating poverty, as the allowance was no longer calculated based on a scientific assessment of what a person needed to survive in the city.

"It would be best to conduct a basic-needs study and adjust CSSA accordingly," he said. Ultimately, a poverty line is based only on income, but poverty itself is much more complicated, he added. It could mean having a low income, but could also be measured by deprivation - being unable to have what others in Hong Kong can expect, such as an internet connection or one's own bed - Wong said. It could also measure social exclusion and isolation - such as that experienced by ethnic minority families who for generations have struggled to learn Chinese and have found themselves cut off from mainstream society and job opportunities, he explained.

Cash subsidies can only help to a certain degree, he said, as true poverty alleviation would be much more of a long-term process, involving more planning, especially of minimum wage adjustments, job diversity and opportunities and providing a secure retirement.

### Chan 2/14

#### Labor shortage in ship industry

Chan 2/14 [Thomas Chan. “Low wages and long hours holding back sea safety, Hong Kong ferry operator says.” South China Morning Post, Saturday, 14 February, 2015] AJ

Several measures have been put in place to ensure safer navigation in Hong Kong waters after the 2012 sea tragedy that claimed 39 lives, ferry operators told the Post. But manpower shortage remains a stumbling block to improving the industry, said one operator. Few people want to join as crew members because of the poor wages and long hours and this has an impact on operations, said Ken Wong Hon-kuen, director of operator Peng Chau Kaito. In 2013, the Marine Department announced five measures, including requiring vessels that carry more than 100 passengers to have a lookout on the bridge at night and in reduced visibility, and vessels to have a master list so that every crew member is aware of his duties in case of emergency. The changes were implemented in November. Other measures are: setting a minimum number of crew required in specific emergency situations, requiring the vessel's name to be printed on every life jacket, and watertight doors with alarms below the main deck to be fitted to the wheelhouse. The Marine Department said last week it is planning to implement various other improvement measures this year, including enhancing the training of coxswains, requiring coxswains to undergo regular medical examinations, and devising guidelines on rest arrangements of crew. But Wong of Peng Chau Kaito feared that the measures will just have too few hands to implement them given the manpower shortage facing the industry.

#### Rest of the article – probz useless

"[The problem] is the evil consequence of the government's acts. Every time we tried to ask for a fare increase, the government would in return ask us to consider the benefit of society as a whole," Wong said.

Having to cope with the pressure of oil prices and maintenance fees, he said that the only way the operators could cut costs was by keeping salaries low.

DON'T MISS: Sea Smooth skipper convicted of manslaughter as Lamma ferry captain cleared of same charges

An occasional spectator at the trial of two skippers involved in the Lamma tragedy, a former ferry captain who identified himself only as Mr Ho, said his peers often dozed off during their journeys because of their long working hours.

He said that local ferry coxswains in general worked 24 hours on one shift, followed by one day of rest. Some routes provide round-the-clock services, requiring the captain to start at 7am, signing off from his shift the next morning at the same time. Those on other routes spend the night sleeping in their boats doubling up as security guards.

Wong said that with their long working hours, captains could sometimes lack adequate rest that could affect their concentration. As many were also older, there was a risk of them being slower in their response to emergencies, he felt.

He added that it was impossible to change the rosters due to insufficient hands. "If we change to an eight-hour shift, we would have to expand our manpower by two to three times," he added.

Apart from the five immediate measures, the Marine Department also announced in 2013 other medium- and longer-term measures, such as the installation of automatic identification systems (AIS) to track boats.

AIS can transmit information of a ship, including position, direction and speed, to other ships and marine authorities.

Both Wong and Johnny Leung Tak-hing, Star Ferry's general manager, said that the systems did little to help collision avoidance. "The system is only useful for post-collision investigations," Leung said.

Wong said that local skippers had no experience in using the systems, and the government had not mentioned any relevant training programmes.

"It is a waste of public money by installing tracers on each vessel, which makes us look like criminals," Wong said.

He added that ferries that carry more than 100 passengers could receive subsidies of about HK$20,000 if they installed the AIS by January next year.

### More

#### Card

Sung 2/17 [Timmy Sung. “Government supporters appointed to key public body spark criticism.” South China Morning Post, 2/17/15] AJ

An opposition figure hit out at the government yesterday for appointing supporters of Leung Chun-ying to a key public body that advises the administration on sustainable development and controls a HK$100 million fund.

Executive Councillor Arthur Li Kwok-cheung - a staunch supporter of the chief executive - will take over from Bernard Chan as the chairman of the Council for Sustainable Development from next month.

Youth Commission chairman Bunny Chan Chung-bun, a government loyalist, and an executive director of developer Sino Land, Daryl Ng Win-kong, regarded as a pro-establishment figure, were also appointed as new members. Both men play important roles in the secretive new uniformed group, the Hong Kong Army Cadets Association.

The other 10 new members include North District councillor Lau Kwok-fan of the Democratic Alliance for the Betterment and Progress of Hong Kong and Kwun Tong District councillor Tang Wing-chun, who both backed Leung when he ran for the top job.

The vice-chancellor of Chinese University, Professor Joseph Sung Jao-yiu, and the managing director of Cheung Kong Victor Li Tzar-kuoi are among those leaving.

Civic Party legislator Kenneth Chan Ka-lok, the deputy chairman of the Legislative Council's Panel on Environmental Affairs, said the latest appointments showed yet again the Leung administration "emphasises loyalty more than competence".

"The council needs people that can think outside the box, those who can challenge government policies for a meaningful discussion," he said. "If there are too many members who are on the same page with the government, it would just become a government mouthpiece."

A government spokesman said: "The council membership represents a balanced mix of stakeholders from different sectors of the community including the environmental, social services and business sectors."

He also said the government would continue to work closely with the council in promoting sustainable development.

### Disease

#### Flu vaccine?

Tsang 2/16 [Emily Tsang. “Flu vaccine twice more effective on children than elderly, HK study shows.” South China Morning Post, Monday, 16 February, 2015] AJ

Vaccines against a flu outbreak that has claimed more than 200 lives in Hong Kong this year are more than twice as effective for children than the elderly, according to a study by the University of Hong Kong.

The new research, released yesterday, found that current vaccines for the virus offered children a 46 per cent effectiveness rate against the predominant flu strain - more than double the 20 per cent chance of protection among the elderly.

It comes as six more people with flu died yesterday, pushing up this year's death toll to 210, with 300 adults and 11 children having required intensive care.

Professor Gabriel Leung, dean of HKU's medical school and director of the WHO Collaborating Centre for Infectious Disease Epidemiology and Control at HKU's School of Public Health, urged parents to get their children immunised.

He said the study showed the flu vaccines currently available in the city could offer youngsters moderate protection even after the H3N2 strain mutated. "Children's immune systems are more responsive to the vaccine than the elderly," Leung said.

The protection rate of seasonal influenza vaccines usually reaches around 60 per cent for children. But the World Health Organisation incorrectly predicted which flu virus strain would dominate this year, leading to production of incorrect vaccines.

An earlier study by the Hospital Authority suggested the current vaccines can only offer zero to around 20 per cent protection against a dominating subtype of H3N2, known as the Switzerland variant.

The HKU study was conducted among 298 children aged six to 17 who were admitted to two public hospitals on Hong Kong Island between December 17 last year and February 7.

It concluded that the vaccine offered a 46 per cent protection rate to the children, which Leung said was "unexpectedly high".

In the United States, a recent study found that the current vaccine offered just a 26 per cent protection rate to children and 22 per cent for the elderly.

HKU epidemiology and biostatistics division head Dr Benjamin Cowling said one reason Hong Kong children were more responsive to the vaccine may have to do with the fact that they have had more exposure to flu viruses, but the exact reason was not known.

## GCC

### World Cup Soft power – Brannagan 14

Brannagan 14 [Brannagan, P.M (Doctoral Researcher of Sociology within Loughborough University) and Giulianotti, R (Professor of Sociology at Loughborough University). (2014) Soft Power and Soft Disempowerment: Qatar, Global Sport and football’s 2022 World Cup finals, Leisure Studies [online]. DOI: 10.1080/02614367.2014.964291] AJ

#### Hosting major sporting events are key opportunity for soft power

The second strand of our theoretical framework centres on the concept of soft power, and the binary opposite term that we introduce, soft disempowerment. According to the American political scientist, Joseph Nye (2004a: 256), soft power is defined as ‘the ability to get what you want through attraction rather than coercion or payments’; thus, soft power stands in marked contrast to ‘hard power’, such as military action or economic incentives. The underlying goal, here, Nye suggests, is the ability to set the political agenda in such a way that the power preferences of others become shaped by their desire to duplicate your ‘soft power resources’: an attractive culture, desirable ideologies, and credible, innovative and forward-thinking institutions and policies (Nye, 2002; 2008). Soft power is understood here as increasingly important within the global context; and, culture represents a key field for the pursuit and exercise of soft power, notably through sport, the arts, education, and media.

The hosting of sports mega-events appears to provide national governments with significant opportunities to increase their soft power, notably through cultural showcasing on global television, ‘attracting’ tourists, and augmenting national pride (Manzenreiter, 2010; Grix & Houlihan 2013). For example, the 2008 Beijing Olympics were viewed as increasing China’s soft power, through successfully hosting the event, advancing messages on ancient Chinese culture and civilization, and gaining prestige from topping the medals table (Zhongying, 2008).2

#### Might also cause a loss of soft power

However, we should recognize that, wherever there is the attempt to accumulate soft power there is always the possibility of soft disempowerment. We introduce the concept of soft disempowerment to refer to those occasions in which you may upset, offend or alienate others, leading to a loss of attractiveness or influence. The concept of soft disempowerment ensures that we should move beyond thinking only of how soft power is positively accumulated; instead, this term enables us to examine how social actions may have positive and negative outcomes that are empowering and disempowering respectively.

The staging of sport mega-events carries inevitable reputational risks, and thus may be accompanied by forms of soft disempowerment. Host nations may be unprepared for the subsequent high levels of attention and critical scrutiny from international media, human rights, governmental, sport and other organizations (Chalip, 2005). For example, the Beijing 2008 Olympics also placed China in the critical spotlight in regard to the occupation of Tibet, the treatment of minorities such as the Uyghur peoples, high pollution levels, human rights, and democracy (cf. Nye 2004b). As Higham (1999: 84) observes, this potential for negative publicity and loss of attraction can lead host nations ‘to lose more than they can gain in terms of destination image’.

In sum, in understanding globalization as the heightened interrelationship of the local and the global, we see how national governments come to imagine themselves within the global context, and, subsequently, exhibit glocal consciousness through engaging in global sport in order to achieve desired outcomes. Most specifically here, we see how global sporting forms act as vehicles for nation-states to construct or reshape specific brand identities and achieve certain foreign policy objectives. Through this, national authorities draw on sporting mega-events to achieve precise state-led soft power goals, mainly via signalling particular messages to external audiences, successfully hosting such events, and through demonstrating one’s sporting ability on the world stage. However, as we have introduced here, with any soft power strategy there is always the risk of soft disempowerment, most specifically when host nations are either unprepared for the level of attention that accompanies such events or exhibit undesirable values in the eyes of others.

#### 3 warrants

Thematic analysis of our data indicated that Qatar’s engagement with global sport centres on three key themes: exhibiting Qatar’s supremacies as a microstate; projecting notions of peace, security and integrity, and, confronting national health crises. Each of these themes is underpinned by a glocal consciousness and by the pursuit of soft power.

Exhibiting Qatar’s Supremacies as a Microstate

The first major theme to emerge here centres on Qatar’s influence and effectiveness as a global microstate. To begin with, a key component of this strategy concerns the endeavour to debunk negative, ‘Orientalist’ images of Qatar and the wider ‘East’ (cf. Said, 1978). This focus reflects Qatar’s glocal consciousness, in recognizing how the nation-state, and the wider region tends to be portrayed or viewed in a global context; and also Qatar’s pursuit of soft power, in terms of seeking to strengthen its reputation and attractiveness across international society (cf. General Secretariat for Development and Planning, 2008). For Qatari authorities, successful engagement with, and leadership of, global sport is one of the most effective mechanisms for promoting better understandings of Arab and Eastern cultures, and for demonstrating what ‘Oriental’ societies have to offer in socio-political terms. These motives were highlighted by interviewees in regard to Qatar’s bid to host the 2022 World Cup finals (2022WC), as Interviewee 3 explains:

‘So one of our main goals when we were bidding...was to try and create better understandings between the East and the West...just like the prejudice and misconception from the West about the Middle East, there is also some misconceptions and prejudice I think to a lesser extent from the Middle East to the West. But there is a lot more influence from the West to East...we watch American movies from Hollywood...you know people travel a lot to England, to France, the U.S....there is also substantial amounts of people from the West who come and live and travel here. But I think to a lesser extent if you take the sheer number of people in the West and Europe who haven’t really experienced the Middle East or the Region [Persian Gulf)...those are the ones we’re trying to target here.’

The hosting of such an event is perceived by Qatari authorities as, in effect, increasing the nation’s soft power, in terms of highlighting Qatar’s professionalism and responsibility, as both an Eastern nation, and also as a micro-state that is able to deliver on its goals. As Interviewee 2 stated:

‘It is important for people to realize that football is a global game...and for a country this size, [that we] are able...which we’re confident of doing...to host a World Cup that opens the horizons for countries who are of a similar nature in terms of size...or maybe even a little bigger...but to say, ‘Hey, if Qatar are able to do it then we can do it as well. Our size is not an impediment!’ ‘You

know...we want to show people that we are...and that the region [Persian Gulf] in general...is capable of handling such a massive responsibility.’

The 2022WC is also intended to spotlight Qatar’s innovative modern culture and state-of-the-art technology and development. While these qualities may be seen as enhancing the nation’s soft power, they also reflect Qatar’s glocal consciousness, in terms of capturing how Qatari culture engages creatively and critically with global processes. In this respect, several interviewees referred to the design and technology behind the architecture of Qatar’s World Cup stadiums. For example, the ‘Al-Wakrah Stadium’, one of Qatar’s leading venues for the 2022WC, has been designed by Aecom in part to symbolize the nation’s past and progressive future vision. Additionally, the Aspire Dome, designed by Roger Taillibert, is the ‘world’s largest indoor sports facility’ (ALCOA: Aspire Dome), and exhibits what can be described as ‘state-of-the-art architectural grandiose and wonder’ (Field-notes, 2013), encapsulating, in the process, Qatar’s ‘project for modernity’ (Amara, 2005: 503). Sporting architecture such as this represents a ‘dramatic symbol of change’ for Qatar, capturing notions of modernism and national ambition in similar ways to Asian cities that have undergone rapid development, such as Kuala Lumpur, Dubai and Singapore (cf. Mangan, 2011: 2232).

The suitability of Qatar’s climate for elite sport competition has been a recurring focus of

international controversy following the award of the 2022WC, as summer temperatures can reach up to fifty degrees Centigrade (Pattisson, 2013). However, the Qatari response has been to highlight the nation’s technological expertise and international leadership, in dealing effectively with adversity. Hence, Qatari authorities have highlighted the technological measures within stadiums that would seek to reduce or eliminate the impact of a hot climate on these fixtures. The aim here is to pioneer the use of high-tech, carbon-neutral, environmentally-friendly cooling systems to drastically reduce stadium and training venues (FIFA, 2010), which then may be used at other tournaments – again reflecting both a glocal consciousness and the pursuit of soft power through staging the event. As interviewee 2 explained:

‘We do see this technology as innovative...I mean it has always been part of our desire to achieve this; but, you know, it was always going to be a challenge, but it’s one we believe we’ve looked to overcome...The technology itself is state-of-the-art and we hope it paves the way for others with a similar climate to host future events.’

A further aspect of Qatar’s glocal consciousness and pursuit of soft power centres on the proposed use of stadiums after the World Cup finals. Most sport mega-events generate ‘white elephant’ facilities that are under-used afterwards (Rose and Spiegel, 2011); Qatar, with a total of nine new stadiums to be constructed for less than two million people who fail to exhibit a strong sense of football culture, would be particularly exposed to this danger – highlighted most explicitly during fieldwork in December 2013 when we witnessed a mere 150 supporters attend a Qatar Stars League match in a stadium capable of accommodating over 18,000 people. To tackle this inevitable problem, and to enhance the nation’s soft power, the Qatari authorities are

committed to the modular construction of stadiums so that they might be disassembled and ‘given away’ to developing African nations (FIFA, 2010). As interviewee 3 explained:

‘Look, we don’t need such big stadiums for our requirements here. So one way for us to avoid having ‘white elephants’...is thinking about modular technology for building the stadiums which we can then contribute to developing countries in order to develop their sports infrastructure, whether its football or not - you can use them for football fields in places like Africa, South America...countries even in the Arab world who want to develop their sports infrastructure, so why not? We’re benefiting from the World Cup, why not have the world also benefit from our World Cup?’

This pursuit of soft power among developing nations is reflected in Aspire’s elite football development programme, wherein annually over 600,000 boys from across the world, particularly developing nations, undergo preliminary trials, with the best candidates being invited back to Doha for expert training; the Academy sends monies back to candidates’ families, and in some cases installs new sport and community facilities in their hometowns (Interviewee 1). Although we may view this as one way for the Academy to hand-pick the best foreign talent for its national teams, Interviewee 1 insisted that ‘none of them [the boys from the programme] have played for any of Qatar’s national teams...’ and ‘we’ve supported them to go and play for their own youth national teams’ – which the majority, we were told, have already done so.

Overall, Qatar’s endeavour to highlight its significance as a microstate via the leveraging of global sport is underpinned by a glocal consciousness and pursuit of soft power in a variety of ways. Core concepts and images emerge here, of competence, professionalism, technological sophistication, and international benevolence, as the basis for Qatar’s soft power strategy through sport, and also reflecting how the Qatari authorities position themselves vis-à-vis globalization processes, and in opposition to highly simplified, Orientalist images of Eastern societies. However, as we note in the next section, these aspects of Qatar’s engagement with global sport inevitably carry the potential for ‘soft disempowerment’.

Projecting Peace, Security and Integrity

The second theme emerging from Qatar’s involvement in global sport centres on peace, integrity and security. The context for this theme centres on Qatari foreign policy. In terms of ‘hard power’, although Qatar benefits greatly from its economic muscle, its military influence is very limited, and would have little prospect of repelling a significant invading force. Diplomatically, Qatar’s security strategy has involved cultivating the United States as a close ally, particularly through provision of natural resources and a site for US Middle Eastern military headquarters (Sakmar, 2007). Yet, more broadly, Qatar’s security policy is by necessity centred on the exercise of soft power through peaceful international cooperation, and association with the values of peace, security and integrity (Sajedi, 2009). Part of this strategy has involved Qatar embedding itself within international society, as a key centre for dialogue on global issues and peace-building. For example, Qatar has hosted major UN and other conferences on climate change and the environment; and, acted as mediator and ‘reliable peace broker’ in Middle East conflicts (Kamrava, 2011: 540). Such initiatives are considered to position Qatar as a constructive and valued contributor to international affairs, and to reduce the prospect of ‘hard power’ engagement with larger rivals. These activities are also underpinned by Qatar’s glocal consciousness, in terms of identifying an appropriate and engaged national role within the context of political and economic globalization.

Given its position within the Middle East, part of that soft power internationalism involves Qatar leveraging global sport to educate international society on the socio-political differences between this microstate and more conflict-affected parts of the region. Again, this reflects Qatar’s glocal consciousness, in terms of recognizing how it may be viewed in the global context; and also its endeavour to turn these disempowering aspects into something more positive. A particular focus here is on reaching Western nations as, according to interviewee 2, many Westerners:

‘...only experience what they see on the news, and it’s always the really unfortunate incidents that make the news, and it’s usually magnified or sensationalized. They see what’s happening on the roads of Gaza or Baghdad and they think this is the Middle East. They don’t know how to differentiate. The situation in Qatar is very different from that of Afghanistan. A lot of people think that’s it’s all the same thing...so it’s unfortunate because you have a lot of movies that portray the Middle East like that and all the news that comes out of the region: wars, civil strife, civil wars...’

Consequently, for Qatari authorities, the hosting of a sport mega-event provides a communication platform for reaching a global audience, as interviewee 3 went onto explain:

‘We felt that this [hosting the 2022WC] was an opportunity for a lot of people who are going to be visiting here, where the spotlight is going to be shown on us, that we say that the Middle East is nothing like some places you would see on the news. Yes, we do have our problems, some countries more than others, but at the end of the day it’s not what people make us out to be. So that was one of our main goals when bidding for this kind of global event.’

Qatar’s endeavour to reshape international understanding of the nation and the region as a peaceful environment relates strongly to the state’s further aim: to leverage the tournament in order to develop a powerful tourism industry. In 2011, Qatar welcomed 2,905,300 tourists (Qatar Statistics Authority, 2012: 38); however, the great majority of this number travelled to Qatar for short-term conferences and business seminars (Hazime, 2011). Consequently, one of the main objectives for Qatari authorities is to reshape its role as longer-term holiday destination (Qatar General Secretariat, 2011). In order for this aim to be realized, Qatar needs to present itself, in soft power terms, as attractive and appealing to international audiences at everyday level;

and also, to establish a substantial presence within the global tourism marketplace. Hosting the 2022WC was considered by our interviewees as critical in promoting that aim (cf. ibid.: 53; 202); as interviewee 3 puts it, the successful event bid has ‘catapulted us maybe 100 years in terms of profile, in terms of [the wider world] knowing who Qatar is, in terms of knowing where Qatar is’.

A further means through which Qatar leverages global sport, in order to advance its national association with themes of peace, security and integrity before international audiences, centres on the Doha-based International Centre for Sport Security (ICSS). Again, the organization reflects Qatari authorities’ glocal consciousness, and their endeavour to be identified with empowering internationalist values. Founded in 2010, the government-funded ICSS’s stated mission is to ‘help organisers stage safer world-class sporting events’ (ICSS: FAQ). According to interviewee 4, the ICSS is driven by an internationalist sport agenda:

‘The Qatari government want the ICSS as an organization to help to promote safety, security and integrity in sport for the benefit of all humankind...it’s not just for the benefit of Qatar...you know...it is the benefit for humankind! So the objective of the organization is really to become a global and international centre for sport security.’

Consequently, through employing and working with leading stakeholders in sport and security from across the world, conducting research, recommending ‘best-practice’ initiatives, and hosting annual conferences, the ICSS is presented as a vehicle for demonstrating Qatar’s commitment to the universal values of peace, integrity and security. Moreover, the desire to benefit ‘all humankind’ was echoed in all interviews with Qatar officials on different aspects of the state’s engagement with global sport.

Overall, Qatar’s leveraging of global sport, in order to demonstrate a national commitment to peace, security and integrity, is underpinned by a glocal consciousness and soft power strategy. The overarching aim here is to present Qatar before international society, as friendly, cooperative, and credible, an attractive nation to visit and to do business with, and one that is committed to acting to the benefit of humankind. Again, these aspirations carry inevitable risks of soft disempowerment, as we discuss more fully in the next section.

#### Qatar can significantly boost soft power through hosting the World Cup, but addressing workers’ rights through pro-social policies is key. The international community is forming its opinions – now is key

Brannagan 14 [Brannagan, P.M (Doctoral Researcher of Sociology within Loughborough University) and Giulianotti, R (Professor of Sociology at Loughborough University). (2014) Soft Power and Soft Disempowerment: Qatar, Global Sport and football’s 2022 World Cup finals, Leisure Studies [online]. DOI: 10.1080/02614367.2014.964291] AJ

The hosting of sports mega-events appears to provide national governments with significant opportunities to increase their soft power, notably through cultural showcasing on global television, ‘attracting’ tourists, and augmenting national pride (Manzenreiter, 2010; Grix & Houlihan 2013). For example, the 2008 Beijing Olympics were viewed as increasing China’s soft power, through successfully hosting the event, advancing messages on ancient Chinese culture and civilization, and gaining prestige from topping the medals table (Zhongying, 2008).2

#### Continues:

Taking the above into consideration, we suggest that, whilst Qatari authorities look to cultivate soft power through global sporting practices, at the same time, said strategy has, in-fact, led to forms of soft disempowerment. In opposition to Qatari soft power objectives, forms of soft disempowerment through global sport have enlightened the international community towards those instances when Qatar has exhibited a lack of integrity, foul play, discrimination, unfriendliness, and a dearth of accountability. The has resulted in serious questions being asked not only in regard to Qatar’s ability and right to host the 2022WC, but, perhaps most significantly, led to concerns and doubts over the state’s readiness to fully-join the international community. Looking to the future, we would argue that Qatar will have to deal with the ‘snowballing’ effect of soft disempowerment, whereby more of the spotlight will be shone of the state’s fallacies leading up to the 2022WC. Qatar’s soft power success will arguably depend on how it looks to overcome such issues; what this demonstrates, however, is that with any soft disempowerment situation comes the opportunity for ‘soft power regeneration’ via responding to one’s mistakes in a positive manner. Qatar’s desire to confront its national health crises is a case in point here; however, although the desire may be there, we must be sceptical of the fact that there is little evidence to suggest any correlation between hosting sport mega-events and significant long-term rises in physical activity participation (cf. Murphy & Bauman 2007). Conclusion We have endeavoured here to fill a significant gap in discussions of Qatar’s engagement with global sport. In doing so, and in locating the ‘glocal’ nature of globalization, we have detailed how, through the pursuit of global sporting forms, Qatar has exhibited its glocal consciousness – referring to how nation-states both imagine themselves within the global context, and position themselves vis-à-vis processes of globalization. In locating Qatar’s evidential glocal consciousness, we have focused here on how the state looks to draw most prominently on global sport for the purposes of a soft power strategy. Through interviews with key stakeholders within Qatar’s sport system, fieldwork, and the analysis of key documents and secondary materials, we have uncovered that the use of global sport to Qatari authorities revolves predominantly around three key themes: exhibiting Qatar’s supremacies as a microstate; the pursuit of peace, security and integrity; and confronting national health crises. In leveraging global sport to this effect, we have argued here that Qatari authorities seek to strengthen their reputation and attractiveness within international society by advocating notions of professionalism and responsibility, innovation and sophistication, modernism, competence, international benevolence, cooperation, security, peace and integrity, and successful leadership (both sporting and otherwise). The underlying foundation for looking to exhibit such qualities revolves around Qatar’s glocal consciousness of the lack of understandings between Western and Eastern cultures - specifically what ‘Oriental’, microstate societies have to offer of the socio- political front - the state’s limit hard power capabilities, the need to engage with greater levels of foreign investment and tourism, and its issues with national health in comparison to the majority of global society. Nonetheless, we have also advocated the need here to focus on the other side of soft power: that of soft disempowerment. In doing so, we can locate that although Qatar has an underlying soft power strategy through global sport, since its acquisition of the 2022WC numerous commentators have highlighted the state’s fallacies, leading to a loss of international attraction. Most significantly here has been discussions within the international community of bribes surrounding the acquisition of the tournament itself, the state’s controversial laws surrounding gay rights, concern by the European community of the potential of a winter World Cup, the role of Qatari institutions in the French domestic first division, and finally, and most significantly, Qatar’s severe lack of human rights for its migrant workers. Consequently, the current position that Qatari authorities find themselves is, on the one hand, with a soft power strategy that looks to paint the picture of an attractive and well-managed, modern nation-state; and on the other, the international reputation of a citizenry that lacks integrity, honesty, friendliness and compassion towards citizens of other nations – even those working within Qatari borders. Although there have been signs that Qatari authorities are aware of some of their fallacies – particularly their abysmal human rights record – how far they are willing to go to rectify the current soft disempowerment situation they find themselves in remains to be seen. Nonetheless, we would argue that said forms of soft disempowerment need to be addressed swiftly if Qatar is to maintain its international credibility; of course, in achieving this, Qatar’s soft power could also benefit via the state proving to the community of nation- states that it is capable of, firstly, owning up to its limitations and, secondly, reflecting its commitments to overcome these weaknesses.

### Soft Power Impx – Mouawad 13

Mouawad 13 [Ali Galal Mouawad, Assistant lecturer and Ph.D. candidate, Faculty of economics and political science, Cairo University, Egypt. Egyptian revolt and soft power relevancy in the Middle East. Submitted to: The collaborative project between the London School of Economics and the Faculty of Economics and Political Science, Cairo University, 27 June 2013] AJ

#### K2 ME

Mouawad 13 [Ali Galal Mouawad, Assistant lecturer and Ph.D. candidate, Faculty of economics and political science, Cairo University, Egypt. Egyptian revolt and soft power relevancy in the Middle East. Submitted to: The collaborative project between the London School of Economics and the Faculty of Economics and Political Science, Cairo University, 27 June 2013] AJ

Arab revolts revived many soft power related dimensions from such civilizational perspectives. Ideally, the successes of Islamists led some academics and newly elected Islamic officials to express their aspirations for activating civilizational roles including both defensive and positive mechanisms. Defensive mechanisms of cure and immunity are more related to enhancing internal dimensions of soft power to protect, restore, consolidate and rebuild original civilizational identities . Positive dimensions are more related to activating the world wide civilizational roles of Islamic countries and ‘Ummah’(Muslim nation or global Muslim community) leading ideally to revive “Da’waa” traditions (Mustafa 2011).These civilizational dimensions appear repeatedly in the 2011 electoral program of Muslim Brother’s Freedom and Justice party(FJP). For instance, under the title of “cultural and media leadership”, the first introductory paragraph states that:

“Culture of a society is based on its moral identity, to which the people belong. Islamic culture is the main factor in shaping the human mind and conscience in

Egypt, which enables intelligent interaction with the various other cultures, without exclusion or contempt, and without melting into those other cultures”. (FJP election program 2011, 37).

Within the “national security and foreign policy section”, and under the title of “national security protection”, the program stresses protecting “cultural values” among other more ‘hard’ security assets and interests. Afterwards, it states the mission of:

“Contributing to shaping the international cultural framework with our cultural and civilizational heritage and resources, strengthening relations with emerging

non-colonial powers, and establishing balanced, mutual relations with traditional and major powers...” (FJP election program 2011,36).

During public discussions of how to maximize the utilization of Egyptian soft power after the revolution, some islamists asserted the necessity of abiding by the notion of “principled” soft power that avoids any unethical means or strategies. This raised internal debate about the priorities of soft power utilization and the dialectical relationship between interests and ethical values (Egypt Foreign Policy Forum 2013).

Rhetoric does not always turn into actions and gaps between role conceptions and performance constitute a highly probable phenomenon. However, such discourses are still indicative of increasing potential prospects for soft power relevancy from the perspectives of regional states. At the same time, they can imply increasing challenges for external soft powers targeting the region.

2-Challenges of perspectives

Challenges of perspective raise the question of whether soft power is only relevant for outsiders’ interests or for regional actors interests as well. Adopting perspectives of specific actor(s) greatly delimits policies and research agendas. For instance, Nye’s analysis of Middle Eastern ‘specialty’ came heavily constrained by the American perspective contrary to the supposedly general nature of analysis. Instead of analyzing challenges of applying soft power in the Middle East in general, Nye introduces his analysis by stating that “the Middle East presents a particular challenge for American soft power and public diplomacy” (Nye 2004,118). Accordingly, he identifies the first source of this region’s specialty in being the birth home of terrorists convicted of attacking the U.S. on September 11,2001!. Such narrowly defined perspective affects how Nye lists basic difficulties and challenges confronting American utilization of soft power to promote democracy in the region and protect its interests10.

More contradictions stem from Nye’s assertion that soft power has communicational and interactional nature. This necessitates putting into consideration the perspectives of targeted (or rather partner) actors. Consistently, he calls for revising some US policies in substance and style to make it more considerate of others’ priorities and sensitivities. Still, these calls become more cosmetic than substantial due to his later exclusion of possibilities of modifying what he describes as “fundamental American interests [that] cannot and should not be changed”(Nye 2004, 144). In the absence of objective criteria for singling out such interests, soft power becomes increasing prone to unidirectional wielder-centered tendencies.

Such subjective wielder-centered approaches have direct implications for concept applicability. Identifying ‘whose perspective(s)’ affects basic dimensions of soft power analysis. The wielder’s perspective concentrates more on active projection and utilization of soft power resources compared to the more protective and defensive targets’ perspectives. Still, holding ME just as a targeted arena for external soft powers greatly suppresses concept relevancy for ME parties limiting it to the internal defensive dimensions. While the consequences of Arab revolts are expected to boost these defensive dimensions from civilizational perspective (as previously mentioned), the Egyptian revolt illustrated increasing possibilities and novel potentials for utilizing the concept on both domestic and external levels either during the initial revolutionary waves (or upsurges) or in the following transitional phases.

At the domestic level, the revolts evoked concept relevancy to the extent of being labeled “soft power revolutions” (Harb 2011). This is understandable considering their principally initial non-violent nature and their high dependence on attracting, framing, networking, and mobilizing mechanisms provided by new media and virtual social networks(Cottle 2011; Khondker 2011; Rane and Salem 2012). Other soft characteristics and resources include the soft power of numbers (materialized in demonstrations safeguarding critical mass size condition), and the power of diverse yet harmonious composition engaging revolutionaries of different ages (soft power of youth), genders (soft power of women), religious and ideological beliefs(soft power of vertical tolerance), educational and socio-economic backgrounds(soft power of horizontal tolerance) (Bellin 2012; Oliver and Marwell 2006). All these revolutionary quantitative and qualitative soft attributes (of number, composition and mechanisms) highly constrained regime’s hard coercive options11.

While revolutionary interactions can be basically framed as revolutionaries’ soft power against the hard power of security coercive apparatuses, many regime-related soft power dimensions have been present as well. On one hand, erosion of old regimes soft power on both external and domestic levels has provided a viable approach for explaining and even predicting the revolts(Raouf 2010; Warner 2012). On the other hand, authoritarian leaders and regimes tried to utilize hard power measures along with their remaining soft power mechanisms. This included using institutional, legal, religious assets as well as more traditional state-owned media channels. In addition, autocratic regimes tried to activate their presence on the internet and other new media platforms via their representatives and supporters (usually labeled “ruling party virtual or internet militias”). The old regimes’ aims were to protect their own soft stock and shame revolutionaries via negative framing. The ‘hard regime’ versus ‘soft revolutionary’ wars have been accompanied by fierce symbolic wars during revolutionary upsurges as well as the following transitional periods. The continuous symbolic confrontations over media, images, graffiti, mobilization abilities are all indicative examples in this regard. On a more general level, a theoretical question can be raised of why soft power revolutions succeeded in some cases while they faced violent suppression turning them in hard bloody revolutions in other cases or phases?

The rise of islamist parties during the transitional period call attention to other understudied aspects of soft power interactions such as “religious soft power”. As Haynes(2012) and Rubin(2010) point out, religion can constitute a significant form of soft power. The growing roles of diverse Arab islamist parties after revolts necessitate more detailed analysis of religion and religious actors’ soft powers and how they can be utilized for identification and mobilization either serving purposes of enmity and conflict or peace and development on both domestic and international levels (Gopin 2002; Haynes 2007; Saleh 2012).

At the external level, Arab revolts have witnessed increasing soft roles of regional as well as international actors with future potentials for growth. The rising soft roles of Turkey (as an attractive reform model) and Qatar (as a highly capable framing actor) clearly illustrated various regional soft mechanisms. These roles asserted the expandability of soft power practices beyond great powers to include middle powers and small states respectively.

#### Soft power real and key to ME

Mouawad 13 [Ali Galal Mouawad, Assistant lecturer and Ph.D. candidate, Faculty of economics and political science, Cairo University, Egypt. Egyptian revolt and soft power relevancy in the Middle East. Submitted to: The collaborative project between the London School of Economics and the Faculty of Economics and Political Science, Cairo University, 27 June 2013] AJ

Analysis of soft power relevancy and its challenges in the Middle East raises both regional case-specific implications as well as general theoretical ones. Regionally, optimistic elementary analysis inspired by the apparent “soft” nature of the Egyptian revolution can imply increasing relevancy of soft power in its integrative forms. Accordingly, prospects of enhancing peaceful and cooperative soft power interactions can be expected on domestic, regional, and international levels. Still, it might be too early to evaluate soft power relevancy within current state of flux and turmoil. Much will depend on the duration and outcomes of transitional periods, levels of Islamic movements’ electoral and governmental successes, as well as regional developments especially with regard to the Arab Israeli conflict and the crisis of the Iranian nuclear program. Detailed analysis of the possible effects of these factors (and many others) is beyond the scope of this paper. However, an initial general assessment can signal elevating soft power relevancy associated with rising challenges due to increasing qualitative and quantitative complexities of soft power issues, actors, networks and consequently interactions.

On the more abstract theoretical level, relevancy debates highlight the necessities of revising soft power as an open expandable analytical and policy relevant concept. Analysis diagnosed the problems of adding hard economic and military resources and mechanisms as horizontal expansions leads the concept to stretch more thin and less relevant. Alternatively, the paper calls for vertical expansions in terms of concept depth. More generally, the paper indicates at least three basic paths in this regard:

The first is calling for a more open acknowledgement of the dual nature of soft power and a better inclusion of manipulative and integrative strategies and mechanisms. Relatedly, soft power definition and analysis should not over-concentrate on attraction resources and more openly include framing resources.

The second is considering Middle Eastern’ contributions on “Al- Dawaa” traditions and hegemony resistance from civilizational perspectives. This can enrich discussions and debates of soft power relevancy.

The third path is reckoning the internal and domestic dimensions of soft power analysis. Soft power by definition is of an intermestic nature as apparent in its resources, actors, and usability for internal legitimacy purposes. Additional internal dimensions incorporate the defensive or protective facets of soft power reflecting self-confidence, immunity and invulnerability against others’ manipulative soft strategies. The increasing roles of ‘intermestic’ non- governmental actors and even ordinary citizens within public and “peer-to-peer” diplomacies spot more lights on additional internal soft power dimensions (la Porte 2012; Attias 2012).

Recent developments in the Middle East highlight other internal expansion possibilities. As the borders between internal and external domains are getting more blurry, soft power becomes more applicable on domestic interactions especially those involving external dimensions or ‘intermestic’ actors. This requires further analysis of potentials for integrating soft power in comparative politics and how it can add new dimensions to related concepts such as legitimacy and social capital.

### Misc

#### WC will happen – allegations are false and FIFA has cleared Qatar

Hanrahan 14 [(Mark, ). Qatar World Cup 2022: Gulf State To Be Cleared Of Corruption Charges In Bid To Host Tournament. International Business Times, 11/13/14] AJ

Update as of 04:28 a.m. EST: The report has now been published. It, as expected, clears Qatar of any wrongdoing over its bid to host the 2022 World Cup, but criticises the U.K.'s soccer authorities sharply, according to a report from the BBC. The U.K.'s Football Association damaged" the image of FIFA and the bidding process," with its conduct in trying to secure the 2018 World Cup. England's bid was unsuccessful. Original story below: Qatar is to be cleared of charges of corruption in relation to its bid to host the 2022 FIFA World Cup, in a report to be published Thursday, according to the BBC. The country had been accused of paying soccer officials more than $5 million in bribes to secure the right to hold the tournament, according to a report from the UK's Sunday Times. Qatar has consistently denied the allegations. U.S. lawyer Michael Garcia was appointed to investigate the bidding processes for both the 2018 and 2022 FIFA World Cups. The 2018 World Cup is to be held in Russia. Garcia's findings have been submitted to FIFA's independent ethics adjudicator, Hans Joachim Eckert, a German judge, who will release a report on his view of the matter Thursday. The report is expected to criticize several of the nations that bid for the 2018 and 2002 FIFA World Cups, including Qatar, England, Russia and Australia. However, it is expected to conclude that Qatar did not violate FIFA's rules, which will avoid the possibility of a revote that could take away the tournament from the country, according to Sky News. In addition to criticism of Qatar's bid, Russia is also singled out for its behavior surrounding its successful bid to host the 2018 World Cup. The country is expected to be criticized for its failure to co-operate with the investigation, having claimed that computer systems recording the conduct of its officials involved in the bid were wiped in the wake of its victory, according to The Guardian. England's bid for the 2018 World Cup also comes in for criticism in the report, specifically over the English Football Association's $55,000 sponsorship of a Caribbean Football Union summit organized by Jack Warner, the Trinidadian former FIFA vice president, who was suspended from all football activities in 2011 after corruption allegations, according to a report from The Times of London. FIFA President Sepp Blatter had reportedly cast doubt on whether Qatar will host the 2022 World Cup earlier this month, telling Norwegian football officials that the tournament “won't take place” there, according to a report from Germany's Der Spiegel. FIFA has denied the claims.

#### WC key to perception – ext ev

Dorsey 14 [James M. Dorsey.World Cup Will Produce PR Boon for Qatar But Little Economic Benefit. Academia.edu] AJ

With its successful bid to host the 2022 World Cup, Qatar is likely to turn the economics of major sporting events upside down. Unlike most major sporting events, the World Cup is likely to produce for Qatar a public relations boon but at best negligible economic gains. The tournament’s public relations value is a no-brainer. Hundreds of thousands of visiting fans and millions of television viewers will put Qatar in the global spotlight for a whole month. The energy-rich Gulf state will be able to showcase its shiny, state-of-the art infrastructure and facilities. In doing so, Qatar will become the face of an Arab world that projects itself as rich, bold and futuristic – a dramatic contrast with current perceptions of a world wracked by conflict, repression, violence and conservatism.

#### We link turn dedev – plan decreases investment in UK

Critchlow 14 [World Cup 2022: David Cameron might want to keep his mouth shut about Fifa and Qatar. (Andrew,). Telegraph, 3 June 2014] AJ

The fiasco surrounding Qatar’s alleged bribery of officials to win the right to host the 2022 World Cup will test Britain’s relations with Doha.

Qatar’s government has flatly denied the reports that the former Qatari official Mohammed bin Hammam orchestrated a campaign to literally buy support to hold the competition. But that hasn’t stopped David Cameron hinting that Britain could step into the void if the tournament is legally wrestled away from the sheikhdom.

For a tribal society such as Qatar, which barely existed 30 years ago, winning the right to host the World Cup has almost spiritual meaning. Given the Arab cultural necessity to save face they won't give it up without a fight, irrespective of what foul play is claimed to have gone on.

Greg Dyke too as head of the Football Association in England has been quick to pour scorn on Qatar’s right to host the event, perhaps hoping that he can finally bring the football tournament home to Britain. However, there is more at stake here for the UK than just sport and the prosecution of allegedly corrupt officials.

Qatar – by far the richest nation in the world, with a per-capita income of over $100,000 – is often accused of having too much money and not enough ways to spend it. Conveniently, Britain has been a welcoming recipient of much of that Qatari investment up to this point.

Keeping Middle East states such as Qatar spending their petrodollars in the UK instead of Asia or America remains vital for the economic recovery.

Qatar’s gas is also vital. About 15pc of Britain’s natural gas supply is shipped here from Qatar, keeping our lights turned on. The only realistic alternative is to buy more energy from Vladimir Putin and that could turn Britain into a hostage of the Kremlin.

The Gulf state’s rulers have either invested directly in British assets through the state’s giant sovereign wealth fund, or opened its doors for UK companies to invest directly in the gas-rich country.

Oil giant Royal Dutch Shell – which is developing huge Qatari gas projects – is just one of many British companies to have benefited from the close diplomatic and historic relationship that have been built up between the two countries. From Heathrow Airport to Harrods, Qatar’s money permeates almost every facet of British life.

Make no mistake, Qatar’s vast wealth and willingness to invest in the UK has bought the country’s sheikhs an almost unprecedented and some would say an unhealthy level of influence in Westminster and throughout the boardrooms of some of Britain’s biggest companies.

#### UK Qatar relations k2 preventing Russia dependence

Critchlow 14 [World Cup 2022: David Cameron might want to keep his mouth shut about Fifa and Qatar. (Andrew,). Telegraph, 3 June 2014] AJ

Qatar’s gas is also vital. About 15pc of Britain’s natural gas supply is shipped here from Qatar, keeping our lights turned on. The only realistic alternative is to buy more energy from Vladimir Putin and that could turn Britain into a hostage of the Kremlin.

#### K2 Women’s rights

Knez 14 [Kelly Kneza\*, Tansin Bennb & Sara Alkhaldic. “World Cup Football as a Catalyst for Change: Exploring the Lives of Women in Qatar's First National Football Team – A Case Study.” The International Journal of the History of Sport. Volume 31, Issue 14, 2014] AJ

In 2012, five Qatari women participated in a qualitative research study, which aimed to explore the negotiation of opportunity to be members of Qatar's first national women's football team. Qatar is a conservative Islamic country which is experiencing rapid modernisation. Part of this modernisation includes the increasing visibility of sport, for example the successful bid for the 2022 men's Football World Cup. In response to this bid, the first Qatari women's national football team was established in 2011. The project was positioned within a social constructivist framework. Five out of 12 squad members, over the age of 18, volunteered to participate in semi-structured interviews. Interview questions probed the women's experiences and influences on their opportunities and journey to membership in the national team. From a thematic analysis, issues such as the management of gender norms and the influence of significant others dominated the data. This research indicated that the women's agency enabled them to manage their situation with a range of strategies and to change attitudes towards women footballers. The winning of the bid to host the men's World Cup has been a catalyst for change in making spaces for Qatari sportswomen.

#### Labor rights will be solved in the future – wages are the only difference

HRW 12 [Human Rights Watch. JUNE 12, 2012. Qatar: Migrant Construction Workers Face Abuse] AJ

Those commitments are a beginning, Human Rights Watch said, but additional steps are needed. FIFA should urge the Supreme Committee for Qatar 2022, the official body formed to manage the 2022 World Cup, to require private contractors involved in World Cup-related construction to set minimum employee standards in line with Qatari law and international labor standards. Any minimum standards the Supreme Committee sets for contractors should strictly prohibit confiscation of workers’ passports and require that contractors take all possible steps to ensure that workers do not pay recruiting fees or reimburse workers who do pay them. The Supreme Committee should also engageindependent labor monitors to publicly report on contractors’ compliance with Qatari law and international labor standards, Human Rights Watch said. The group also called on private contractors to publicly commit to protect the rights of all workers associated with their projects, including in relation to recruitment fees and worker passports.

“The Qatar 2022 Supreme Committee has said that it plans to conform to or surpass international labor standards through labor policies,” Whitson said. “What the international community needs to hear are specific, public, and enforceable commitments from them and the construction companies. FIFA should also push for such action, given its public promise to promote labor rights in Qatar.”

### Samman 10

#### Low wages mean nationals don’t want to work

Samman 10 [Richard Shediac (Partner), and Hatem Samman (Director, Ideation Center). "Meeting the Employment Challenge in the GCC The Need for a Holistic Strategy." Insight, Ideation Center. Booz&Co (leading global management consulting firm) 2010] AJ

A significant portion of nationals are unwilling to participate: A second reason for economic inactivity is the hesitation—especially on the part

of the young—to participate in the workforce. Nationals are willing to forgo the “going wage” in the private sector and become inactive or volun- tarily unemployed. In particular, GCC nationals, especially those who have not made it to college or even gotten through high school, are reluctant to accept jobs in the private sector for

two main reasons. First, some jobs are perceived as menial by both job seekers and their parents, who often provide them with financial sup- port. Second, and more important, the effective wage (i.e., the real wage plus benefits such as medical insur- ance or leisure time) is relatively

low compared to government jobs. Indeed, nationals invariably elect to forgo good work opportunities in

the private sector because those jobs often require long hours that they are unwilling to work.

Both of the above factors (women’s low participation rate and unwilling- ness to work) represent an opportu- nity lost (higher potential income) for the GCC economies as well as an increasing cost burden in terms of

providing the required training and adjustments necessary to bring them back into the fold of the economically active population.

#### Bam

Samman 10 [Richard Shediac (Partner), and Hatem Samman (Director, Ideation Center). "Meeting the Employment Challenge in the GCC The Need for a Holistic Strategy." Insight, Ideation Center. Booz&Co (leading global management consulting firm) 2010] AJ

Employed workers represent the other part of the active population. The majority work in government sectors, which account for more than 50 per- cent of GDP in most GCC countries, while a small fraction works in the private sector. Yet, in many cases, employed nationals are underem- ployed; and because overstaffing

and underutilization of skills—both forms of underemployment—have similar economic implications as unemployment, such as low economic productivity, they are really a form of masked unemployment. Some unemployment is masked by overstaffing: The region’s ability to depend on oil revenues has resulted in the creation of a welfare system in which the government is the largest employer of nationals. As a result, the public sector has become overstaffed, often resulting in the ineffectiveness of many government services. Indeed, this phenomenon can be seen in government-owned companies, such as utilities services, where overstaffing has resulted

in suboptimal deployment and utilization of nationals. With such vital economic sectors increasingly facing international competition

as a result of liberalization, the comparatively high cost structure of the current situation may not be sustainable, bringing to the fore the challenge of underemployment.

Some unemployment is masked by quotas: Similarly, the nationalization of the labor force in the private sector through quotas, especially

in small establishments, has often

resulted in another form of masked unemployment: nationals who are added to payrolls but not deployed productively in their organizations. Thus, inadvertently, quotas may

be dealing a blow to the efficiency of the private sector and its ability to grow and compete effectively in increasingly more open economies.

Some unemployment is masked by the mismatch of skills: Oil windfalls and a pervasive government presence in GCC economies have also resulted in the underdevelopment of human capital—a critical input for economic growth, which leads to job creation. The promise of well-paid government employment has encouraged waves of students to apply for public jobs with minimal skill requirements.

As strategic government enterprises contend with the increasing

pressures of privatization and

global competition, which demand specialized and talented workers, the dearth of expertise has resulted in a mismatch in the supply and demand

of skills. This hinders the potential for economic growth and higher national employment, and increases the dependency on foreign labor.

Government dominance of the economy has also resulted in a big gap between the skills required

by the private sector and those actually available in the workforce, and has brought to the fore the challenges of substituting nationals for expatriates—and other related complications such as high remittance rates. This skill gap is evident in the share of professionals in the working population. In 2006, for example, professionals (such

as doctors, engineers, lawyers,

and economists)7 accounted for approximately 6 percent and 8 percent of private-sector workers in Saudi Arabia and Bahrain, respectively. Moreover, these professionals were overwhelmingly expatriates—80 percent of the professional population in Saudi Arabia and 50 percent in Bahrain.8 These masked unemployment phenomena have manifested themselves in economic ills such as low labor productivity (see Exhibit 4). With the exception of the oil sector, which traditionally exhibits high GDP contribution per employee, this measure varies widely across other sectors. A comparison with benchmark countries shows that

the region’s labor productivity is indeed subpar. For example, in 2005—a year of torrid economic growth—labor productivity in the GCC was less than one-third the level of Norway, another oil-producing nation. Such results hinder the GCC economies’ ability to effectively compete in a globalized world and further exacerbate the unemployment problem by limiting growth.

The Economically Inactive: Another Lurking Problem

“Economically inactive” gener-

ally refers to those members of the working-age population who are not

looking for work because they are

ill, studying, looking after family, or have taken early retirement. There

are two important economic implica- tions for countries with high inactiv- ity rates: First, an inactive population represents an opportunity cost for

the economy in terms of its potential GDP. Second, there is a strong likeli- hood that over time, inactive labor (e.g., discouraged workers) will either add to the number of the unemployed or will require a significant investment in training to bring them back within the ranks of the economically active.

In the GCC, the economically inactive population is considerably larger than international benchmarks. In several countries in the GCC, the inactive populations in recent years have aver- aged well over 40 percent of the total active population in each country.

By contrast, the inactive populations in European countries were much lower—in the U.K., for instance, it was just 19.2 percent in 2003.9 The demographic makeup of the GCC,

with a large inactive youth population (e.g., students) may help somewhat explain this large disparity (as well as signal increasing pressure on the GCC economies as students enter the labor market). However, there are three other factors responsible for the large share of economic inactivity among the working age populations in GCC countries.

#### Rc of unemployment

• Limited Private-Sector Base: In many economies, private-sector development and growth are significant catalysts for employment. Governments in the GCC have encouraged this activity through subsidies (including soft loans and subsidies for electricity, water, and gasoline), but these efforts have

had limited success. The private-sector companies that are indigenous to

the region continue to depend on government support, and have, with few exceptions, been unable to expand beyond domestic and regional borders. One indication of the limited private-sector base is the minimal share of small and medium-sized enterprises in the economic output of the GCC region. By comparison, SMEs in developed countries account for a majority of firms and are responsible for a significant amount of employment. In the GCC, the static private sector and an increasing number of job seekers have combined to create a worsening employment picture.

• Low Skill Levels: The link between the education sector and the economy has been tenuous and has lacked coordination. The result has been a mismatch between the supply and demand for skills in labor markets throughout the GCC. This disequilibrium has hampered labor nationalization because it is so difficult to substitute nationals for skilled foreign workers. In particular, there is a deficit in much-needed science and engineering graduates, and an excess of social science graduates.

### Coulom 13

#### Public-private wage gap decreases incentives for skills development and hinders growth – equalizing wages and unemployment are good

Coulom 13 [Michael Coulom. “Employment and Entitlement in the GCC: A World-systems analysis of disrupted development.” International Affairs, Working Paper Series # 20 | November 2013, American University of Beirut] AJ

Public sector employment in the GCC is also popular because it requires few advanced skills, yet begets salaries higher than that of the public sector—unsurprisingly, the GCC public sector is notoriously underproductive� Labor productivity has in fact declined since the 1980s in Kuwait, Saudi Arabia and the UAE, despite the fact that 44% of Saudi Arabia’s budget is devoted towards paying state salaries and other GCC states are increasing salaries�77 Higher salaries for less demanding work have produced what ESCWA calls a “private-public wage gap”, a phenomenon that “price[s] nationals out of the private market and weaken[s] incentives to acquire the education that market economies demand�”78 The labor market of the burgeoning private sector reflects this trend� Despite impressive growth, most private sector salaries are low and working conditions are poor� Most private employment is intended for expatriates, and job quality has declined since the 1980s, as low-skill labourers (often from Asia) have replaced mid-skill labourers (often from the Arab region)� Since the 1980s, the growth elasticity of employment has been high, meaning that for every percentage point of GDP growth, the labour force has grown by more than 1 per cent� This might have to do with a growing role of very labour-intensive sectors like construction and personal services�79 The private sector has developed and financially profited off of a non-national labor market at the expense of job quality� National attitudes now reflect this trend so that private sector employment is equated not only with lower salaries but also lower prestige� In Saudi Arabia the difference in salary between nationals and non-nationals is drastic; the average Saudi makes US$800 a month while the average expatriate makes $270� Furthermore, a Saudi employed in the civil service can expect to make an average of $2,100 per month�80 Declining productivity and lack of incentive to participate in the private sector collectively discourage national employment in the private sector, thereby producing dependency on the state and hindering economic and social development� Poor migration policies, employment and entitlement programs have eroded local capacity for technological development by discouraging nationals from pursuing higher education or advanced skills training necessary for private sector employment� With near certain employment in the public sector and refusal to accept lower salaries in the private sector, “students prefer to study religion, literature and arts or social sciences rather than the more demanding courses in engineering, medicine, teaching or business studies which should lead to more job opportunities�”81 As a result, Maroun et al� found that “there is an abundance of certain specializations that are not aligned with private-sector demand”� Qatar and the UAE in particular are making significant investments in the education of their youth, hoping that in the near future they will achieve relatively balanced labor markets, as well as the long sought after knowledge economy� Saudi Arabia’s King Abdullah University of Science and Technology (KAUST), a graduate level research institution, stands out as the most likely institution to fill the regional deficit of scientists and innovators, however�82 State funds can support KAUST and other research institutions like it for several years while pulling in the best and brightest students from the Gulf� Without significant government entitlement reform, a shrinking of the public sector, and revision of the public-private wage gap, however, it seems unlikely that GCC nationals will have any incentive to pursue advanced degrees in the technological or scientific fields necessary for satisficing the regional relative labor shortage� The question remains then who will fill KAUST’s classrooms and laboratories� The combination of all of these factors—cheap foreign labor, national entitlement programs, an untrained labor force—heavily impacts development of core-like industries in the GCC� ESCWA found that “Even banks, which are among the most modern and profitable businesses in GCC countries tend to operate on old technological systems”�83 Rodney Wilson, in his article The Development of Islamic Finance in the GCC, questions the long-term sustainability of Gulf-based Islamic financial institutions� Wilson argues that Islamic banks are still dependent on non-Islamic banks to co-arrange major accounts in an agreement where the Islamic institution ensures that all transactions are compliant with shariah law while the secular institution provides the skills and expertise necessary for managing large accounts� 84 Although these relationships are beneficial for Gulf-based IFSs at the moment, they may prove dangerous in the future� In their article “Searching for the Mecca of Islamic Finance”, Bassens et al� find that IFSs in the Gulf have plenty of reason to be wary of London in particular, considered the IFS hub outside of the Gulf: Although it has only two IFS headquarters of the top 100 firms (i�e� the headquarters of the European Islamic Investment Bank and HSBC Amanah), the city ranks third in terms of site service and total connectivity� This observation is in line with the intentions of the British government and Islamic finance stakeholders to make London the international centre of Islamic finance�85 Without the ability to continually modernize and keep up productivity, the IFS sector of the GCC will quickly fall behind and be replaced by more productive competitors in different parts of the world� This demonstrates one of Wallerstein’s final points on the core-peripheral labor hierarchy—what is a core-like process today will become a peripheral process tomorrow�”86 A well-educated workforce—in turn reliant on significant educational incentives—is the only way to encourage long-term continual modernization and core-like development� The obvious conclusion that one arrives at is that the GCC is stuck in a semi-peripheral position in the global labor hierarchy� Despite achieving “considerable mid-range diversification”, productive output is stagnating� There exists little to no internal capacity for advancing the financial and educational fields, leaving the knowledge economy unobtainable� The GCC can restart development and produce a majority core-like economy by tackling three intertwined issues: 1) unproductive labor policy, 2) unsustainable state entitlement programs, and 3) limited incentives for advanced skills training�

#### No unemployment- labor shortages mean businesses will absorb the cost

Coulom 13 [Michael Coulom. “Employment and Entitlement in the GCC: A World-systems analysis of disrupted development.” International Affairs, Working Paper Series # 20 | November 2013, American University of Beirut] AJ

The GCC labor market and subsequent unequal exchange are driven by the region’s unique demographic makeup, namely its small national population and increasingly large non-national population� With the exception of Saudi Arabia and Oman, “foreigners form a majority of the population in all of the GCC states”, and make up about 90% of the population in Qatar and the United Arab Emirates�42 Even in Saudi Arabia, a nation of 27 million, 8�4 million residents are non-nationals (see Figures 2, 3)�43 The extreme imbalance between nationals and non- nationals is attributable to two different types of labor shortages� The first, an absolute shortage, means that the state’s indigenous population is too small to realize its full productive potential and to meet human resource needs�44 The states of the GCC have sought to ameliorate this problem with relatively open immigration policies for migrant workers.

### More

Ajami 08 [Kshetri, Nir and Riad Ajami (2008) ―Institutional Reforms in the Gulf Cooperation Council Economies: A Conceptual Framework,‖ Journal of International Management, 14(3), 300-318] AJ

#### Strong GCC middle class spurs change – key to their impacts

Ajami 08 [Kshetri, Nir and Riad Ajami (2008) ―Institutional Reforms in the Gulf Cooperation Council Economies: A Conceptual Framework,‖ Journal of International Management, 14(3), 300-318] AJ

GCC economies are also characterized by a symbiosis of political and economic elites (Sabri, 2001; Schlumberger, 2000). Experts argue that a genuinely entrepreneurial class, which is lacking in the region, ―would be the single most important force for change in the Middle East, pulling along all others in its wake‖ (Zakaria, 2004). GCC economies' reform arguably ―will have far-reaching implications for not only their own populations but also the entire global economy‖ (De Boer and Turner, 2007). Concepts and theory building are lacking on the nature of institutions and institutional changes in the GCC region. To more fully understand institutional reforms in the region, we draw upon institutional theory. The underlying notion in this paper is that a free enterprise economy with a strong rule of law and property rights is likely to benefit not only the GCC society but also the global economy. We make two contributions to the literature in this article. First, we extend institutional theory to the context and limit of the GCC region. Second, we provide insights into the pattern of institutional changes, which has been an important but under-examined issue (Campbell, 2004). Note that institutions arguably have a higher propensity to change when they are characterized by contradictions which ―create conflicting and irreconcilable incentives and motivations‖ (Campbell, 2004, p. 186). Nowhere is this characteristic more evident than in the GCC region. In addition to the theoretical contribution, policy makers and managers can gain in multiple ways by a deeper and richer understanding of GCC region's institutions. An understanding of the formative dynamics of the attitudes and priorities of GCC leaders could help Western policy makers devise strategies to bring desired institutional changes. Second, a deeper understanding of the functioning of GCC decision makers, as they mediate institutional reforms in the region through their attitudes and priorities, both economic and political, is of profound interests to managers.

#### Econ growth is tied to regime stability and legitimacy

Economic performance is positively related to a regime's legitimacy (Fish, 2002). The economic performance— legitimacy nexus is stronger for authoritarian regimes than democratic ones (Fish, 2002). While some view authoritarian regimes' economic performance based legitimacy as ―superficial‖ (Pei, 1999), such a strategy is producing results for some rulers. A reform-based growth may produce complementarity for authoritarian regimes as essential characteristics of both authoritarianism and reform exist side by side (Bohr, 1963; Potter, 2004).

―Performance legitimacy‖ is a phrase used to describe a justification for political repression by governments delivering high growth (Acharya, 1999). Poor economic performance, on the other hand, may result in the loss of legitimacy (Bacon, 1986; Cooper, 1996; Remmer, 1996; Zhao, 2000). Asia provides a robust example of ―performance legitimacy‖. Most of the past and present authoritarian Asian regimes (e.g., Singapore, Malaysia, and China) acquired legitimacy through high growth (Chang et al., 2006; Pei, 1999). In China, the base of regime legitimacy is shifting from MarxLeninism to growth (Chen, 2002; Zhao, 2000). Chinese leaders have set economic growth as the top priority (Zhao, 2000). In Indonesia, Suharto's legitimacy was based on people's improved living standards (Chowdhury and Paul, 1997). In sum, if an economy performs well, institutional entrepreneurs face difficulty in communicating the need for change (framing) and value of the proposed changes (justifying). It is proposed:

P5. An authoritarian government in a developing economy that is able to achieve (resource based) economic development is less likely to take substantive institutional reform measures compared to a government that is not able to achieve such a development.

#### Oil shocks are good for GCC development as they form a test of regime legitimacy

The interesting question for GCC region is what factors could give a jolt to the existing institutions. Decline in production and/or price of oil is probably the single most important force that can threaten GCC regimes' ―performance based legitimacy. As noted above, in the early 1990s, Kuwait and Saudi Arabia were at the pre- institutionalization phase but subsequent increased oil prices reduced their incentives to take substantive actions to move towards full institutionalization of reforms. In the current interaction pattern of institutional actors in the GCC context, decline in oil price is likely to shift the power balance in favor of pro-reform actors such as foreign multinationals and Western governments.

#### Organized opposition in the GCC is weak now – aff spurs opposition around a common goal, which ensures the movement succeeds.

Ajami 08 [Kshetri, Nir and Riad Ajami (2008) ―Institutional Reforms in the Gulf Cooperation Council Economies: A Conceptual Framework,‖ Journal of International Management, 14(3), 300-318] AJ

It is an accepted axiom that losses are felt more deeply than gains. Pro-reform constituents tend to be ―generally unorganized, silent, and nearly invisible politically‖ whereas anti-reform actors are ―frequently organized and vocal‖ (Kikeri and Nellis, 2004). Most obviously, the political process is likely to respond to those with ―voice‖ (Kikeri and Nellis, 2004). In GCC, pro-reform actors such as political parties, interest groups and unions need to be more organized and vocal. 5.7. Implication 7: substantiveness of reform measures Based on the discussion above, gradual progressive institutional change can be expected. For instance, reform has been at least a stated goal of GCC regimes (Carothers, 1998). Although measures on this front are symbolic for most GCC regimes, they may produce results over time. Theorists have discussed how symbolic changes at one point of time may lead to substantive changes over time (Campbell, 2004; Edelman, 1990; Guthrie, 1999; Oakes et al., 1998). Future research based on the present framework can be extended to other cultural settings. For instance, what are the similarities and differences in terms of changes in institutions and market orientation between the GCC, Eastern Europe and Asian economies? For instance, Political and elite entrepreneurs are prevalent in the GCC region, Eastern Europe and China. The sources of legitimacy of these entrepreneurs, however, may differ across countries. In future research scholars should also attempt to conduct research that provides insights into GCC regimes' cognitive assessment of the powers of various institutional actors. For instance, from the standpoint of GCC regimes, what are the perceived relative powers of ordinary citizens, religious leaders, merchant families, international institutions, etc? How does the power of an institutional actor change over time?

### Barak 10

Barak 10 [Oren Barak (The Hebrew University of Jerusalem) and Assaf David (Department of International Relations, The Hebrew University of Jerusalem). “The Arab Security Sector: A New Research Agenda for a Neglected Topic.” Armed Forces & Society 36(5) 804–824, 2010] AJ

## Tipping Aff

### Misc

#### UQ

NPR 6/29 [NPR. “For Tipped Workers, A Different Minimum Wage Battle.” 6/29/14. http://www.npr.org/2014/06/29/326715347/for-tipped-workers-a-different-minimum-wage-battle] AJ

The federal minimum wage for tipped workers has been $2.13 since 1991. That pay rate tends to get lost in the larger debate over whether to raise the national minimum wage for nontipped workers, which is $7.25 an hour. In theory, the money from tips should make up the difference in pay — and then some. But according to a White House Report, tipped workers are more than twice as likely as other workers to experience poverty. Living On Tips Under federal law, if tips don't bring employees up to the level of the standard minimum wage, employers are required to make up the difference. But Saru Jayaraman, founder of the labor advocacy group Restaurant Opportunities Centers United, tells NPR's Arun Rath that it often doesn't work out that way. "Enforcement is not just difficult, it's practically impossible for employers to have to count hour by hour to make sure that tips make up the difference for every worker for every hour they've worked," Jayaraman says.

#### A2 Tipping rewards hard work – only 1% of tipping is affected by that

Palmer 13 [Brian Palmer. “Tipping Is an Abomination: Here’s How to Get Rid of It.” Slate Magazine. July 9, 2013] AJ

Tipping does not incentivize hard work. The factors that correlate most strongly to tip size have virtually nothing to do with the quality of service. Credit card tips are larger than cash tips. Large parties with sizable bills leave disproportionately small tips. We tip servers more if they tell us their names, touch us on the arm, or draw smiley faces on our checks. Quality of service has a laughably small impact on tip size. According to a 2000 study, a customer’s assessment of the server’s work only accounts for between 1 and 5 percent of the variation in tips at a restaurant.

#### Racism

Palmer 13 [Brian Palmer. “Tipping Is an Abomination: Here’s How to Get Rid of It.” Slate Magazine. July 9, 2013] AJ

Tipping also creates a racially charged feedback loop, based around the widely held assumption—explored in an episode of Louie, in the Oscar-winning film Crash, and elsewhere—that African-Americans tend to be subpar tippers. There seems to be some truth to this stereotype: African-Americans, on average, tip 3 percentage points less than white customers. The tipping gap between Hispanics and whites is smaller, but still discernible in studies. This creates an excuse for restaurant servers to prioritize the needs of certain ethnic groups over others.

#### Racism – affects both servers and customers

Dunn 14 [Elizabeth Gunnison Dunn. “Ban tipping: this custom is awkward, unfair and just plain bad economics.” The Guardian. 3/19/14] AJ

One argument that you tend to hear a lot from the pro-tipper crowd seems logical enough: the service is better when waiters depend on tips, presumably because they see a benefit to successfully veiling their basic contempt for you. Well, if this were true, we would all be slipping a few Benjamins to our doctors on the way out their doors, too. But as it turns out, waiters see only a teeny, tiny bump in tips when they do an exceptional job compared to a mediocre one (one estimate puts the variation at a 2% difference). Patrons actually vary their tips for less palatable reasons, like their server’s race, gender and body language. Waiters, wily observers of humanity that they are, are catching on to this; in one poll, a full 30% said they didn’t believe the job they did had any impact on the tips they received. You may think that, as a customer, wielding the power of the tip entitles you to special treatment, but that’s only true, apparently, if you look like the kind of person that tips well. Bad news for black, Hispanic and Christian diners: under a voluntary tipping system, you can expect to receive worse service than the table full of white atheists next to you. Surveys have found that waiters actually perceive these groups as bad tippers and, as such, ignore them in favor of more lucrative tables. Eliminating voluntary tipping would do away with these prejudices. It would also allow restaurants the freedom to spread its revenue among employees in whatever way allowed them to attract the best talent and provide the best service – just as, come to think of it, every other business is capable of doing.

#### Shifts the burden from rich corporations to average customers – and it hurts servers, who get paid only $2.13 an hour

Palmer 13 [Brian Palmer. “Tipping Is an Abomination: Here’s How to Get Rid of It.” Slate Magazine. July 9, 2013] AJ

Irrelevant or insidious factors will dominate the tipping equation until quality of work becomes the main driver of tip size, but that’s unlikely to happen. And tip size isn’t the real problem anyway. The real problem is that restaurants don’t pay their employees a living wage. The federal “tip credit” allows restaurants to pay their tipped employees as little as $2.13 per hour, as long as tips make up the shortfall—which turns a customer into a co-employer. Although federal and state law requires restaurants to ensure that tips bring employees up to minimum wage, few diners know that. (Hosts/hostesses, bussers, and food runners, who receive a small fraction of the servers’ tips, often fall short of minimum wage on some nights.) The tip credit has turned the gratuity into a moral obligation, and we ought to cut it from our statute books with a steak knife.

#### Restaurant industry supports getting rip of tipping

Wagstaff 13 [Keith Wagstaff (staff writer at TheWeek.com covering politics and current events). “Why restaurants should get rid of tipping.” The Week. August 14, 2013] AJ

There has been a growing sentiment in the restaurant industry that tipping needs to go. In Slate, Jay Porter, owner of the now-closed Linkery in San Diego, claimed that "eliminating tips makes it easier to provide good service." Martha Cheng, a former line cook, agrees. "The tip system sucks," she wrote in this month's Honolulu Magazine. And David Kinch, chef and owner of the Michelin-starred Manresa in Los Gatos, Calif., took it one step further while talking to Bloomberg restaurant critic Ryan Sutton in June, calling tipping an "antiquated, slave system, where people are treated like domestics."

#### People tip the same no matter what

Wagstaff 13 [Keith Wagstaff (staff writer at TheWeek.com covering politics and current events). “Why restaurants should get rid of tipping.” The Week. August 14, 2013] AJ

Not necessarily, according to a study from researchers at Cornell University. They found that customers didn't vary their tips according to service. Instead, they tipped out of habit. If a 20 percent tip is a customer's norm, then they are likely to tip 20 percent no matter how good or bad the service is. As a result, waiters don't really have an incentive to provide better service. Why try to impress customers when they have already decided how much they are going to leave?

#### Restaurant experiences improve, since cooks get paid well

Wagstaff 13 [Keith Wagstaff (staff writer at TheWeek.com covering politics and current events). “Why restaurants should get rid of tipping.” The Week. August 14, 2013] AJ

In fact, eliminating tips actually creates a better dining experience, Porter argued, because the cooks making your food will actually get paid a decent wage: Servers and cooks typically made similar base wages — and minimum wage was the same for both jobs — but servers kept all the tips, which could often mean they were taking home three times what the cooks made, or more… When we switched from tipping to a service charge, our food improved, probably because our cooks were being paid more and didn't feel taken for granted. In turn, business improved, and within a couple of months, our server team was making more money than it had under the tipped system. [Slate]

#### Improves experience of workers, who would get paid a living wage

Wagstaff 13 [Keith Wagstaff (staff writer at TheWeek.com covering politics and current events). “Why restaurants should get rid of tipping.” The Week. August 14, 2013] AJ

Servers would also benefit, said Manresa's Kinch, because they could be paid a living wage instead of hoping for a busy night:

Why can't I charge 20%, instead of telling the servers, we had a slow week so you're not making much money. "Oh can I work this station? Can I have this big whale, this guy spends a lot of money on wine." They're begging… Why can't I take that money and pay those servers $65K a year. I'll give them benefits. They can plan and budget their lives. [The Bad Deal]

## Ireland Aff

### To Read

http://unitetheunionireland.org/2014/07/06/300000-workers-earning-below-hourly-living-wage/

NECPE (2013). ‘Implementing the Living Wage in Local Authorities’, North-East Child Poverty Commission Working Paper Series, no. 4. Durham, Durham University Business School.

￼￼NERI (2013). Quarterly Economic Facts. Dublin, NERI.

### Cards

#### Text: The Republic of Ireland will implement a living wage based on the UNITE assessment of weekly necessary income and modeled after London. This card is uniqueness and solvency – squo inequality is high but living wage reduces welfare spending, increase tax revenues, and solves economy

Walsh 7/7 [Anne-Marie Walsh. “One in five workers earns less than basic standard of living wage.” Irish Indepdent. 7/7/14] AJ

More than 300,000 workers earn less than a so-called 'living wage' needed to provide an adequate standard of living, a unions claims. The figure for the 'living wage', was calculated by a group of charities, unions and research bodies. The 'living wage' is the minimum income necessary to maintain a basic standard of living. The €11.45-an-hour 'living wage' figure is over 30pc higher than the legal minimum wage of €8.65 an hour, which has not risen since 2007. The introduction of a living wage is a key policy platform for the new Tanaiste and Labour Party leader, Joan Burton, who has called for an increase in the minimum wage to create a living wage for the working poor. She argues that introducing such a wage on a phased and voluntary basis, as has been rolled out in London, would reduce welfare spend and increase tax revenue. However, Jobs Minister Richard Bruton, whose portfolio may be under threat from Labour in this week's cabinet reshuffle, has resisted her call for any immediate adjustment to the minimum wage rate. The 'living wage' figure was unveiled last week following research by the Living Wage Technical Group on the expenditure necessary for essential living standards. Using Central Statistics Office data, the UNITE trade union said it estimated that nearly one in five workers earn below the hourly 'living wage'. The union said the numbers of working poor were higher as the figure does not include staff on over €11.45 an hour who do not get enough hours to earn a weekly living wage of €446. The €11.45 figure was calculated based on a detailed appraisal of the cost of 2,000 expenses typically faced by households including rent, food, energy, transport, clothing and services. The Living Wage research found that the after-tax cost of living under its criteria varied from €410 a week in Dublin to €348 in other cities. UNITE warned that "poverty pay" was delaying economic recovery. "Ireland is in the throes of a low-pay epidemic," said Unite regional secretary Jimmy Kelly (left). The Living Wage Technical Group is made up of the Vincentian Partnership for Social Justice, the Nevin Economic Research Institute, TASC, Social Justice Ireland, SIPTU and UNITE.

#### Sinn Fein is the solvency advocate

Anpholblacht 7/11 [“Sinn Féin support striking public sector workers.” Anpholblacht (Irish Newspaper). 11 July 2014] AJ

SINN FÉIN have backed striking public sector workers saying they are entitled to a living wage. Attending a demonstration in Belfast, Sinn Féin's Belfast Council team said: "Workers across the North are struggling to make ends meet and pay bills. "Low paid workers in particular have been badly hit as salaries have not kept up with rises in the cost of living. "Many frontline public sector workers, who provide essential services to local communities, are among the lowest paid. "Workers are entitled to a decent wage and we joined strikers at picket lines in Belfast this morning. "Sinn Féin has repeatedly called for the introduction of a living wage, which recognises the rise in the cost of living and we will continue to do so."

### Collins March 14

Collins 14 [Micheál L. Collins. “The Impacts and Challenges of a Living Wage for Ireland.” Nevin Economic Research Institute (NERI). Working Paper Series No 13. March 2014] AJ

#### Significant impx to poor

There are obvious income impacts for low-income workers benefitting from increases in gross hourly earnings. When considering the hourly living wage rate, it is easy to overlook the annual significance of such increases to individual and household income. For example, an increase in hourly earnings of €1 for a full-time low-income worker is equivalent to a gross income increase of €1,956.75 per annum. Such an increase represents a multiple of any positive income tax or welfare changes that might arise from a Government budget (or indeed a number of budgets).

The precise disposable income impact of such wage increases is dependent on the personal circumstances of each worker.8 As Wills and Linneker (2012:35) note, the gains are very relevant for those with no welfare dependencies, who gain all the extra gross income, and do not lose any benefits. However, others may lose welfare as income increases or pay higher social housing rent which tends to be set in relationship to income levels.9 While individuals may not gain all the additional gross income, the impact will still be significant and improve their living standards. A relevant point, given that the 2011 SILC data shows that 6.5% of all employees live on incomes below the poverty line while the working poor represent 14.2% of all those classified as living in poverty in Ireland (NERI, 2013:79-80).

The literature also notes some non-financial benefits for employees. These include increases in human capital, as employees are now more likely to remain in employment and employers are opportunities for self-financed education (London Economics, 2009: v, vii, 54). The well-being of employees and their families was also found to have improved as higher income and reduced financial stress lessened the challenges in making ends-meet and allowed more time for family life (Wills and Linneker, 2012: 36-38, London Economics, 2009: 54).

The increase in earnings for low paid workers does increase the cost of their employment and the literature has examined if these additional costs lead to job losses or reductions in available hours of work. While this issue is considered further in the next section, the evidence suggests little or no employment impacts (Thompson and Chapman, 2006:2, 20-21; Brenner, 2004:29; London Economics, 2009:v; CRO, 2014:2).

Overall, the experience elsewhere points to notable positive benefits for employees who receive a living wage.

#### Effect on employers

Collins 14 [Micheál L. Collins. “The Impacts and Challenges of a Living Wage for Ireland.” Nevin Economic Research Institute (NERI). Working Paper Series No 13. March 2014] AJ

As the most obvious impact of a living wage is increases in hourly gross earnings for employees, there are clear implications for employers who pay these costs plus any additional employer social insurance contributions. The possible impact of these cost increases has been the focus of many studies on the living wage as well as more broadly in complementary research looking at the employment impact of increases in minimum wages.10 One of the most comprehensive studies of the business impact of a living wage was undertaken by London Economics, as an independent report commissioned by the Greater London Authority’s Economics unit, in 2009. The study gathered qualitative and quantitative data on a range of performance metrics for companies who had implemented the living wage in London. It examined the impact on employment, the impact on organisational performance, the cost of implementation and the productivity and efficiency impacts of the implementation of a living wage.11 The London Economics findings are consistent with what the literature (much of it from the US where these schemes have been running for two decades) would suggest.12 Overall the study found “evidence of little or no impact on business performance of London Living wage implementation”. Employers reported no change in sales/turnover, limited effects (all small) both positive and negative to profits and the majority recorded no change in prices and output (2009:56). Furthermore, it concluded that there was “some evidence of significant financial and non-financial benefits achieved by those employers that have implemented the London Living Wage” and that “the absence of any evidence of substantial negative impacts on business performance on an on-going basis suggests that there is a likely positive net benefit of London Living Wage implementation for a typical firm” (London Economics, 2009:56). Among the specific findings in that study, it was found that there were lower rates of staff turnover, substantial cost savings on recruitment and induction training, greater employee tenure and continuity of workforce. Absenteeism and sick leave also reduced, by approximately 5% on average, while worker morale and motivation was found to have increased. In common implementation of the living wage, and the necessity to absorb its additional costs, drove workplace reorganisation and this yielded increased employee productivity.13 The research also found that the implementation of the living wage gave management more confidence to adopt new strategies that required workplace reform; although these reforms tended to occur post implementation rather than at the time of introduction. The reputation of employers was also enhanced through consumer awareness of their commitment to the living wage and in the case of those supplying contacted services, in improved quality of the services provided as perceived by buyers. An earlier study of US living wage experiences by Thompson and Chapman cites a series of negative ex-ante studies of living wage proposals whose predictions of significant employer/supplier cost increases and significant job losses are not borne out by the evidence gather in the many ex-post assessments they also review (2006:20-21).14 How firms handle the increases in costs associated with the implementation of a living wage depends on the scale of the impact these costs have on organisations. Large organisations, such as financial services institutions, whose cleaning staff get earnings increases to the living wage level are unlikely to notice much of an increase in overall cost levels (it is such a small area of spending). Indeed, evidence from some London experiences suggest that executives, who decide on the implementation of the living wage for low paid staff such as cleaners, are often oblivious to the low pay rates these workers are on. For other organisations where a greater proportion of staff will receive an earnings increase the general experience has been that companies reorganise and absorb the increases through price increases, productivity enhancements and internal reorganisation (Brenner, 2004:29). The experience of a number of UK local authorities that have implemented a living wage reflects this with Islington council in London absorbing the increase through reorganisation rather than passing it on to ratepayers (NECPE, 2013:2). Similarly, a number of Scottish councils informed the Scottish Parliament’s Local Government and Regeneration Committees’ hearings into the Living Wage, that they saw the implementation of these increases as part of the reform of services and their delivery and as a method of recognising the commitment of employees in delivering those reforms (2012:13-14). Thompson and Chapman also examined the situation where government agencies are buyers and require suppliers as part of the tender process to pay their employees the living wage. The concluded that the evidence shows that in general this had “only a negligible impact on city budgets” (2006:6). In cases where there are cost increase and these are passed on to consumers, such as at San Francisco Airport where it is estimated the living wage increased passenger charges by $1.42, the increases are considered small in the context of their impact on consumer demand and relative to other price/cost increases passed on for, say security measures, around the same time (Thompson and Chapman, 2006:8; Reich et al, 2005:124). To estimate the wage-bill effect, Pennycook (2012) modelled the impact of a living wage on firm-level wage bills in the UK. The research examined 79 medium and large sized firms chosen from those listed on the London Stock Exchange. The firms examined were selected as they were, as a group, representative of the varying incidences of low-paid work across the range of industrial sectors. These covered seven sectors: banking (3 firms), construction (15 firms), software and computing (13 firms), food production (4 firms), food and drug retail (7 firms), general retail (27 firms) and bars and restaurants (10 firms). The report modelled two scenarios: (i) where the living wage was paid to every direct employee who currently earned below that rate; and (ii) where 90% of the living wage was paid to every direct employee who currently earned below that rate. Both scenarios incorporated a ‘modest’ wage spillover effect where employees marginally above each of the simulated wage thresholds received a 10% increase in hourly earnings.15 It also differentiated between the living wage rate paid in London and outside-London. The estimated results represent the first-round impact of implementing a living wage on firms wage bills and do not take account of any measures firms may adopt to mitigate some or all of these additional costs. As outlined below, evidence from existing living wage employers suggest that much of these increases are compensated by savings and other benefits simultaneously arising from the introduction of a living wage. The results also ignore the impact of the living wage on non-direct employees of the firms (contractors etc) .

#### Huge benefits to state

Collins 14 [Micheál L. Collins. “The Impacts and Challenges of a Living Wage for Ireland.” Nevin Economic Research Institute (NERI). Working Paper Series No 13. March 2014] AJ

The state through the taxation and social welfare system is involved in the redistribution of income from its initial market outcome to some more equitable position. As the living wage is concerned with what is often referred to as the ‘pre-distribution’ of income, any improvement in the equity of that distribution lessens the need for state redistribution to achieve a given outcome.16 In that sense, the state is a major gainer from the introduction of a living wage. As the income of low income households increases, they will pay more income taxes and more social insurance. As households spend that money, and given they are on low income they are likely to spend a large proportion of the income, if not all, the government gains through additional indirect tax revenues. Employers also pay more social insurance contributions. The increase in the gross income of low income households will also decrease the quantity of state expenditure on other transfers and supports for these households. Quantifying the scale of this impact is challenging and depends on various assumptions. However, in his simulations of an extension of the living wage to all low-paid UK employees (an unlikely policy to be implemented anywhere17), Reed concluded that exchequer savings and revenue gains would be equivalent to 40% of the increased wages (Reed, 2013:10). Subsequently, he estimated that if a living wage was introduced for all 572,000 workers in London currently earning less than that amount, the British Treasury would gain £400m in tax and social insurance income and experience expenditure saving of £200m in reduced benefits and tax credits (by Reed for the TUC, 2013). This is equivalent to just over £1,000 per new living wage recipient.

#### Two other impacts

Two other impacts arise from the literature reviewing the living wage. First, the study by London Economics found some evidence of ‘ripple effects’ to the overall pay structure so that existing pay differentials were maintained when the living wage was introduced (2009: v). In his baseline analysis of the wage bill costs of a UK living wage, Pennycook simulates a ‘modest increase in hourly earnings (2012: 9, 17-18). Evidence, from studies on the impact of the minimum wage, suggest such spillovers are probable, although their magnitude is debated.18

Second, the emergence of a living wage campaign offers the chance for low waged employees to work collectively, and in conjunction with other community groups and trade unions, and serves as “a first step towards shifting power and resources to those who typically lack both” (Lawton and Pennycook, 2013:45; London Economics, 2009:54-55).

#### Plan specifics

The establishment of a repeatable, transparent and broadly accepted calculation and uprating mechanism for a living wage stands central to the long-term acceptability and implementation of a living wage. Such a process needs to be put in place at the outset of concepts evolution in Ireland. Once established it should be written-up, made publically available and then reviewed every year or two, to ensure its relevance and feasibility.20 Many of the technical issues relevant to the calculation and updating of an Irish living wage value(s) have been outlined in Collins (2014a).

Given experiences elsewhere, the implementation of the living wage is likely to proceed sector by sector in Ireland. There are obvious starting points in the public and financial sectors and in high profile service sectors like coffee shops and retail. Its broader implementation has significant benefits for low paid employees and their families, although this is likely to take time and be an incremental process. Pennycook’s analysis of the wage bill effect of introducing a living wage in various industrial and service sectors the UK also points towards the possibility of introducing a living wage in a phased way for sectors with high wage bills and large numbers of low-paid workers (2012).

### Walsh 13

Walsh 13 [Walsh, Frank (University College Dublin). "Labour Market Regulation and Migration in Ireland." The Economic and Social Review 44.1, Spring (2013): 85-102] AJ

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## Global Aff

### X Global – Shirkosh 05

Shirkosh 05 [Mehdi Shirkosh (University of Western Sydney). “The Case for an International Minimum Wage in the Context of Free Trade.” MPRA Paper No. 2463, January 2005] AJ

#### Reducing inequality and poverty k2 growth

The International Labour Organisation (ILO) has undertaken several studies into minimum wages, and most of their research supports the benefits of work standards. In one survey Catherine Saget (2001) distinguishes between increases in employment and reduction of poverty. Saget believes the reduction of poverty is of greater concern: “in the developing world, policy makers are not only concerned with the impact of the minimum wage on employment, but also with its impact on the level of poverty” (Saget 2001). Her finding about the effect of minimum wages on poverty differs from conventional economic predictions. She found that minimum wages have an insignificant effect on employment and “the level of the minimum wage (in dollars) is a negative and significant determinant of the level of poverty” (Saget 2001: 22). This finding is important, however it must also be realised that in many cases the level of development determines the opportunity for a higher minimum wage.

Ravallion (1997) has conducted research on the relations between inequality and growth, and his findings are significantly opposed to that of liberalism. Ravallion found that the initial distribution of wealth does influence the poor’s share in rising average incomes: “if inequality is sufficiently high, countries which would have very good growth prospects at low levels of inequality may well see little or no overall growth, and little progress in reducing poverty, and even a worsening on both counts” (Ravallion 1997). This is because inequality cannot increase infinitely. In another analysis focusing on inequality and economic growth, Aghion et al (1999) found that redistribution of wealth can foster growth (because of imperfect capital markets and human capital) but that growth, in turn, can result in inequality (through the effects of education and technology). Their research supports the need for a permanent redistribution policy (Aghion et al 1999).

#### Periphery reproduces unskilled labor to keep prices low

We assume that skilled and unskilled labours are two different factors of production,

which is accepted in Heckscher’s terminologyii. We accept that skilled labour

absorbs more advanced and larger amounts of capital. On the other hand, unskilled

labour absorbs low technology and less amounts of capital (like producing shoes for

Nike or coffee production). Then in the long term, countries which have more skilled labour will have more advanced capital and countries which have unskilled labour will attract (and develop) less advanced capital. On the other hand, developed countries will reproduce (train) more skilled labour. Just as the cheap factor, land, can contribute to cheaper agriculture and advancing this industry, the factor, unskilled labour, will contribute to those industries that use this factor intensively. Thus, over time, countries with skilled labour will reproduce more skilled labour and countries with unskilled labour will reproduce more unskilled labour. This effect was already recognised by Heckscher: “when supply reactions are taken into account, foreign trade tends to increase the relative differences in the supply of factor of production in different countries” (Heckscher and Ohlin 1991: 60). The experience of countries which opened for trade but did not support their labour and infant industries confirms this tendency. By opening to trade Vietnam did not attract aeroplane production but coffee production. The same is happening in Mexico under NAFTA. Industries in Mexico are mostly producing spare parts and semi-industrial products. It is less likely that Silicon Valley or the New York Stock Exchange would move to Mexico.

Ohlin uses the Australian example where land is abundant and labour is scarce. Therefore land is cheap and wages are high. Australia produces sheep and wool more cheaply than other countries. He concludes: “Exports from one region to another will on the whole consist of goods that are intensive in those factors with which this region is abundantly endowed and the prices of which are therefore low” (Heckscher and Ohlin 1991: 90). Based on this argument the coffee-producing countries have been “endowed” with the appropriate factors of land and labour; and therefore, with the opening of trade, prices of their products should have increased to that of the international price and the price of their factor product (wage) should have increased to the international level. The equalisation of prices in the international market has happened but not by increasing the price of Vietnam’s coffee (and wages) but by decreasing the international price to the cost of producing it, which is the subsistence wage in Vietnam (see Mathiason 2001 and Mathiason and Tooher 2001).

To the extent that labour standards are ignored in some less developed countries, industrial countries will prefer to reproduce more “unskilled labour” there. Industrial countries can, therefore, export unemployment and problems associated with it to these peripheries. On the other hand, being specialised in skilled labour, in a world of competition for innovation and new technology, is an advantage in itself. By producing extra cheap labour in the periphery (what Marx called “the reserve army of the unemployed”) the centre keeps wages low there, and at the same time the cost of producing and maintaining the reserve army of the unemployed will be paid by the periphery.

#### Unequal exchange theory of imperialism

Marxian theories of imperialism indicate that the early stages of imperialist intervention were mainly based on the colonialisation of a country (territory) and direct exploitation of raw materials and labour (slaves). However, in the more advanced stages of imperialism, exploitation is mainly through market mechanisms. These market mechanisms result in “unequal exchange” between the two groups of countries. Unequal exchange theory was developed after the Second World War when most third world countries gained their independence. Emmanuel (1972) presented a comprehensive model on unequal exchange and explained how terms of trade dictate who will benefit from trade. In this part Emmanuel’s theory will be presented and the international division of labour will be reviewed in the light of this theory.

To Emmanuel there is a difference between the mobility of factors in international markets and in national markets. In national markets both capital and labour are mobile, but in international markets labour is no longer mobile. This immobility of labour makes the level of wages vary between countries and therefore the prices of productions. Emmanuel agrees with Ricardo’s theory of comparative advantage but he emphasises that Ricardo’s theory does not determine in what proportion two countries will gain from the mutual advantages of trade (Emmanuel 1972: xii). By using Ricardo’s example of comparative advantage (see table 1) Emmanuel shows that the best solution is not that England specialises in cloth and Portugal in wine, as Ricardo concludes, but that England exports its capital to Portugal and produces both wine and cloth there. In this case there can be an absolute optimum with producing both products using 340 hours labour rather than 360 hours labour in the case of specialisation (Emmanuel 1972: xiii).

Emmanuel distinguishes four different situations in which comparative and/or absolute advantages of trade have different results in two countries with two factors: 1) Both factors are mobile: rate of profit and wages are equalised and absolute costs determine the form of specialisation.

2) Both factors are immobile: comparative costs determine the form of specialisation.

3) The capital factor is immobile but the labour factor mobile, thus the comparative cost law is fully applicable.

4) The capital factor is mobile but the labour factor immobile, thus differences in wages do not affect profits, because profits become equalised by capital mobility (Emmanuel 1972: xxxiii).

Emmanuel refers to the United Nations’ publication in 1949 which highlighted the deterioration of third world countries’ commodity prices in international trade (International Affairs, Moscow, 1963 cited in Emmanuel 1972: xxv). This report made some development economists pay attention to the unequal exchange involved in the terms of trade between manufacturing nations and producers of primary products. External aid did not solve the problem of decreasing commodity prices because developing countries had lost more by the fall in the prices of raw materials relative to manufactures than they had received in aid from industrial countries (Emmanuel 1972: xxv). Loans could not solve this problem either because the interest payments in servicing these loans were a new problem for third world countries. By referring to the United Nations’ and the IMF’s data, Emmanuel shows that a large number of third world countries had become net exporters of capital (Emmanuel 1972: 45).

Emmanuel rejects the theory of the weak income elasticity of demand for primary products on the basis that much of the third world countries’ agricultural exports are luxury products (Emmanuel 1972: xxvii). He also rejects the theory of the “worsening of the terms of trade for primary products” and compares some developing countries’ products like sugar, petroleum, coffee, cotton and cocoa with some industrial countries’ products like Scotch whisky, French wine, soap and Swedish timber and argues that the first named products are more industrialised while prices of the former products are declining but prices of the latter products are still increasing (Emmanuel 1972: xxxi).

#### Free trade theories failed in mexico – wages didn’t go up

Based on the H-O model, export of labour intensive products in the country with abundant labour will increase after trade liberalisation and, therefore, wages will increase. But in this case wages in Mexico as a country with abundant labour have not increased but have decreased in absolute terms, despite the fact that employment in export industries doubled.

Loss of minimum and average wages in absolute terms in Mexico can be explained by Marxian theories, which argue that the role of an army of unemployed is necessary to keep wages down in order to maximise profits. In this case workers in Mexico are used to put downward pressure on US wages. Mexican workers will do the job without any bargaining because most wages are close to or at subsistence level and workers have few unemployment benefits. In some cases, workers in Mexico have been used to reduce the bargaining power of unions in the US: “A Cornell University study of more than 600 union organizing campaigns found that in 62% of the cases, management fought the union by threatening to close the plant (Anderson 2001: 5).

Real GDP, GDP growth and PPP per capita are indicators of the average wealth or income in a country, but they do not show the income of different groups and distribution of income. The Gini coefficient is a measure of inequality and has values between zero and one. The closer the Gini coefficient is to zero, the more equal is the distribution of income. Mexico’s income inequality has been one of the highest in Latin America, which in turn exhibits one of the highest degrees of inequality in the world. Graph 16 shows the ratio of inequality in Mexico compared to some of the major regions in the world during the 1980s and 1990s. Inequality was high in Mexico in the 1980s and it increased during the 1990s (Corbacho and Schwartz 2002: 5). Corbacho and Schwartz (2002) use different estimations from different sources but their conclusion is that inequality in Mexico is among the highest in the world. Mexican income inequality increased during 1950–1975 from an already high initial level then declined during 1975–1984 after which it trended up again until 1994. After a slight decrease in 1996, inequality increased again up to a new high in 2000. “In 2000, the wealthiest 10 percent of all Mexicans received nearly 39 percent of the total income in the country, and the poorest 40 percent around 12 percent of total income” (Corbacho and Schwartz 2002: 12).

The above statistics on inequality in Mexico show that NAFTA has not been successful in reducing the extreme inequality and poverty in Mexico. Taking into account that total production and income have increased in Mexico during 1994– 2002, increased inequality means that the working class has had little benefit from increased income. These results are totally in contrast to the H-O model, which argues that by trade liberalisation the price of the abundant factor will increase and, therefore, wages will increase in the labour intensive country towards the international level.

#### Free trade and NAFTA suck

During the years that NAFTA has been in effect, both average and minimum wages have decreased and the labour structure has totally changed in Mexico. From 1993 to 1999 minimum wages declined by 17.9% and wages in manufacturing decreased by 29.6%. The number of salaried workers decreased by 17% and the number of self-employed increased by 37%. Mean hourly income for labour decreased by 40% (Economic Policy Institute 2001). These are highly significant data that are completely inconsistent with the predictions of the H-O model.

Unemployment in Mexico increased from 3.11% in the 8 years prior to NAFTA to 3.75% in the 8 years after NAFTA, while in the same period unemployment in the US decreased from 6.35% to 4.94%. This is the essence of both H-O and unequal exchange theories. Based on the H-O model, through trade the more abundant factor (labour in Mexico) will be used more and an increase in demand for that factor increases its market price. In the case of the US and Mexico, the use of labour has decreased in Mexico and increased in the US, though much of the increase employment in the US can be result of other national and international factors, this change in employment in both countries is opposite result to that expected from the H-O model and completely consistent with the unequal exchange model.

GDP, real consumption and productivity have increased in both countries but the US has shown significantly more growth in these indicators than Mexico. This means that the gap between the two countries is growing and if this system of trade continues the gap will get wider. The core of unequal exchange theory is that expansion of trade can expand production and exports but the gains of trade will go to the country with the biggest economy and better technology, which allows the dominant country to determine the terms of trade. The increase in exports in both countries is consistent with both theories but exports from the US have been less than its imports from Mexico. So the US has developed a trade deficit with Mexico and covers this by exports of greater finance to Mexico. This is likely to support the theory of unequal exchange. In the long term, these results may lead to a deterioration of the Mexican economy and labour conditions since lower wages and health insurance and increased unemployment mean less education, poorer health and a lower quality of life for the masses in Mexico. These in turn will contribute to more unemployment and child labour and the growth of unskilled labour.

While real GDP and private consumption have increased in absolute terms in Mexico, the level of total poverty has increased. This means that the poor have not gained from this growth and the new wealth has gone directly to the already rich people or has been spent on luxuries. The increased gap between the rich and the poor is likely to have negative consequences for Mexican society. While minimum wages and social wages have been reduced in Mexico, they have been increasing in the US. It is agreed that this widening gap between the two countries is the reason why more people are willing to cross the borders illegally. These people will be recognised as “illegal immigrants” in the US and have to take inferior jobs with a payment around one-fourth or one-fifth of the minimum wage in the US. In fact, the problem in the existing world is not that “labour is immobile” but that labour is “forced to be immobile”. With the existing technology and social condition (and culture), there are many more people willing to move for a better income across the world than are currently permitted by national barriers to migrate.

A brief summary of the evidence shows the trend of development in the US and Mexico under NAFTA is that productivity, GDP, exports and total consumption have increased as a positive result of NAFTA in Mexico. The negative effects of NAFTA in Mexico are a fall in minimum wages and the social wage and an increase in poverty, inequality and unemployment. Natural resources in Mexico are being destroyed at an accelerating rate. The positive effects of NAFTA in the US are an increase in employment, productivity, GDP, total real consumption, minimum wages, average wages and better protection of natural resources (like forests). The negative effects are a trade deficit with Mexico and an increase in inequality. Overall the income gap between and within the two countries has increased and the rate of increase in productivity and PPP is higher in the US than in Mexico.

Based on the evidence discussed here the Heckscher-Ohlin model (in its classic form used in NAFTA) should be rejected. The unequal exchange model should be reconsidered as an answer to the problem of poverty and the widening gap between developed and developing countries. The experience of the US and Mexico free trade agreement under NAFTA shows that when one country with less protected (less valued) natural resources and labour increases trade with another country with highly protected (and higher valued) labour and natural resources and with a better technology, the former will become the periphery in the new system and the masses, in particular, will lose as a result of the new trade regime.

#### Bad card Plan txt

Implementation of an international minimum wage is a matter for future research. New research can focus on how minimum wages can be determined for individual countries considering the peculiarities of each country and its international competitiveness. Minimum wages are legislated in most countries in the world but in the third world countries, minimum wages are not high enough and have not been fully implemented. Therefore, co-operation between all countries, especially third world countries, is necessary to implement an international minimum wage. This co- operation can be achieved through:

1) multilateral trade agreements and organisations like the WTO and NAFTA;

2) international organisations like the United Nations and the ILO;

3) international interest organisations (such as OPEC) where countries which are exporting labour intensive goods can act under the same organisation to secure the price of their labour (products).

It is essential that all parties (countries) become aware that fixing an international minimum wage is a progressive policy with strong theoretical support and all parties in the international economy will gain from it. An increase in subsistence wages in the world is not a zero-sum game but can benefit all countries.

### X Global 2 – Lerner 07

#### Global unionism good

Lerner 07 [Stephen Lerner. “GLOBAL UNIONS: A Solution to Labor’s Worldwide Decline.” New Labor Forum 16(1): 23–37, Winter 2007] AJ

The world economy has changed and is integrating globally. To have a meaningful role in the twenty-first century we must create true global unions whose vision, goals, purpose, and governance combine national interests in the same way that national unions were formed in the twentieth century. The global unions that result must be capable of coordinating, direct- ing, and transferring power and resources to counter the power of global corporations. Ex- perience makes it abundantly clear that this isn’t possible by just federating national unions whose primary mission, resource allocation, and internal political identity are limited to one country. Global corporations don’t subordinate their interest to individual countries, nor can workers. Either through the transformation of existing institutions or by creating new ones, workers need unions that unite them globally to increase their power, instead of fighting glo- bal corporations from a position of weakness and with limited coordination on a country- by-country basis.

In addition, the mission and goals of glo- bal unions cannot be limited to just economic improvements. To unite hundreds of millions of workers, and build support for global union-

ism, global unions must be part of a campaign to protect and expand democracy in the face of worldwide mega-corporations. Global unions must be seen as and be part of global campaigns for economic and social justice. Their mission and role is nothing less than to replace the de- clining power of the state with global unions as the equal and counterbalance to global corpo- rations on the world stage. And the time to start is now.

### X Global 3 – Zachosky 4

Zachofsky 04 [Zachofsky, Rex (Hofstra University School of Law). "An International Minimum Wage: Can a Historical Solution Solve a Modern Day Problem?" Journal of International Business and Law: Vol. 3: Iss. 1, Article 11, 2004] AJ

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### X Global 4 – Roy 12

Roy 12 [“Asia Floor Wage and global industrial collective bargaining.” Anannya Bhattacharjee (Garment and Allied Workers Union, India) and Ashim Roy (New Trade Union Initiative, India). International Journal of Labour Research 2012 Vol. 4 Issue 1] AJ

#### Harms

Roy 12 [“Asia Floor Wage and global industrial collective bargaining.” Anannya Bhattacharjee (Garment and Allied Workers Union, India) and Ashim Roy (New Trade Union Initiative, India). International Journal of Labour Research 2012 Vol. 4 Issue 1] AJ

Freer capital flows, expanding global companies and expansive trade policies have made the world a smaller place for capital. At the same time, the gap between the rich and the poor has grown and precarious jobs overshadow hard-won security gained through numerous struggles in the twentieth cen- tury. According to the ILO, “since the mid-1990s, the proportion of people on low pay – defined as less than two-thirds of median wages – has increased in more than two-thirds of countries with available data” (ILO, 2010). Furthermore, “the number of workers in vulnerable employment is estimated at 1.53 billion workers globally in 2009, more than half of all workers in the world” (ILO, 2011, p. 58). According to the ILO, there are 555 million working poor, a significant percentage being female. It is important to note that the global labour force implicit in these discussions is often viewed as a homogenous bloc. However, in reality, this labour force is far from homogenous. It is highly segmented geographically and its characteristics depend on the poverty level of the region and the country. Asia the largest recipient of foreign investment, also holds the largest workforce and represents most of the global working poor among which women comprise an increasingly significant proportion. This is no coincidence because foreign investment seeks out the most pliant poor and undervalued working class. However, it is also this dual reality that makes Asia central to any strategy for making large-scale change – either from capital’s point of view or labour’s. In Asia, “South Asia has one-fifth of the world’s population and nearly half of its poor population. A large proportion of world’s unskilled workers live in South Asia. Given the relative scarcity of natural resources, South Asia’s comparative advantage is clearly in labor- intensive goods” (Ramaswamy, 2003, p. 5). The garment industry is of course one such labour-intensive industry that absorbs low- and high-skilled workers. The common wisdom among governments is that the pliancy of labour force attracts foreign investment; and without foreign investment, develop- ment comes to a standstill. The architects of such globalization believe that unfettered corporate-led trade and investment, along with labour flexibility and capital market restructuring, are the tools for prosperity. The multi- national companies leading this approach are based primarily in the global North. Northern governments, through their disproportionate power in international financial institutions, help in forging the road to this illusive prosperity. Governments and corporations of the global South have, for the most part, acquiesced to such policies with varying degrees of resistance. This view of development “imposes a tremendous downward pressure on the quality of life of many societies in the developing world, for govern- ments have bet their sustainability in power on customary centre-periphery relationships. They put emphasis on the attraction of so-called foreign direct investment (FDI) by offering cheap labour at misery prices to global cor- porations. The argument is that this generates jobs and triggers other multi- plying effects that benefit the overall economy” (de Regil, 2010, p. 3). The downward pressure on wages in already low-wage countries and re- gions demonstrates the power relations within a geographically segmented labour market. Multinationals take advantage of low wages in production countries and high price markets in high-wage countries. They essentially pay wages in one currency and sell the goods produced in another currency, bene- fiting from exchange rates that are grounded in the demands of the currency market and not adjusted by the relative price levels in local currencies of two countries. One could describe this phenomenon of taking advantage of pro- ducing in one currency and selling in another as “wage arbitrage”. The split between production and consumption is demarcated by different currencies, by different price levels, thus providing additional profit that is not linked to the production process per se. The multinationals’ access to high-price mar- kets in high-wage countries and their power to deny direct access to firms of production countries to that market allows their unchallenged power in the global supply chain to continue. This power to access labour from countries with poverty-level low wages and to control simultaneously the high-price markets introduces a structural element. Wage share and purchasing power Within a framework of unequal regional and national development, un- equal and segmented labour market, and the power of multinationals to benefit from both these factors, labour rights have become one of the most threatened rights in the world today. According to one scholar: “There is no accurate data on the percentage engaged in global production systems, but case studies suggest that even in high value export sectors workers are not immune from vulnerability to poverty” (Barrientos, 2007, p. 18). As noted by another scholar, “[i]n the 1950s to the 1960s, there was huge and shared growth. However, now there are stark and growing inequalities. In the United States, from 1980–2000, the topmost layer (0.1 per cent) increased its growth by ten times but the median family only by 22 per cent. Average income of workers declined or stagnated. Whereas the income of the CEO of General Motors compared to the average worker used to be 1:70, today the gap between the same in Wal-Mart is 1:140. Capital can only be forced to accept social compact (between workers, state and capital) through strong working class movements.”1 While the global economy grew at an average of 3.3 per cent per year between 1995 and 2007, annual wage growth was at 1.9 per cent. Wage share has been declining across the globe and, given its wide dispersion, this is a structural issue that must be attended to in order to avert further im- poverishment (Vaughan-Whitehead, 2010). The ILO’s Global Wage Report 2010/11 sounded the alarm: “the overall short-term impact of the crisis on wages should be looked at within the context of a long-term decline in the share of wages in total income, a growing disconnect between productivity growth and wages, and widespread and growing wage inequality” (ILO, 2010). It is useful to note here that the practice of “wage arbitrage”, as ex- plained above, has led to this disconnect between productivity and wages, es- pecially in the case of goods being produced in a poorer region and sold in a wealthier one. The net result is a fall in the purchasing power of the majority of people in Asia, over production of goods for which there are not enough con- sumers and unemployment in the global North. People’s purchasing power is falling and poverty levels are being pushed down so that few people can be listed below it (Patnaik, 2007). This has blocked out the majority of to- day’s consumers from the consumer market. Paying decent wages is an essential measure for a stable capitalism. “It is a non-partisan belief even among those who wish to save capitalism. During the Golden Era of capitalism in the 1950s and 1960s, the United States established a floor below which the wage would not drop; this acted as a shock absorber. Ironically, as the welfare state’s shock absorber prevented crisis in capitalism, it led to the false belief that capitalism had overcome the tendency for crisis.”2 It is not enough to create any kind of employment; it is important to create decent jobs – that makes for sound social and economic policy. Labour standards are an indicator of what the working conditions are and what they ought to be. From basic issues of wage and hours, decent labour standards ought also to tell us about the decency of the work in terms of its ability to support families and educate children, remove social inequities, give workers a fair share of wealth, a voice in work and society, and human dignity. Trade unions and labour organizations have learned that in today’s world, enforcement of labour standards and rights can no longer take place solely within the nation-state boundaries. Global capital flows and the global structuring of corporations have taken the initiative for labour standards from the hands of any one local employer or unit. The global supply chain, which is created, is the stage on which the enforcement of labour standards and rights must take place.

#### PPP is the only functional measure

Roy 12 [“Asia Floor Wage and global industrial collective bargaining.” Anannya Bhattacharjee (Garment and Allied Workers Union, India) and Ashim Roy (New Trade Union Initiative, India). International Journal of Labour Research 2012 Vol. 4 Issue 1] AJ

The currency through which the AFW is expressed is the imaginary currency of the World Bank, Purchasing Power Parity (PPP). The reasoning for choosing PPP as opposed to a specific national currency is that for comparative purposes and for conversion to actual wage, the exchange rate is not a good and appro- priate measure. Exchange rates are determined by supply and demand for each currency globally, in other words by the currency market. They are highly vola- tile and fluctuate on a daily basis and are not reflective of national conditions. PPP, on the other hand, is based upon the consumption of goods and services by people within a country, reflects the standard of living and hence a more ap- propriate tool for comparing wages. PPP allows one to compare the standard of living between countries by comparing the price of a basket of identical goods and services in terms of the currencies of the two countries.

The PPP system does have some weaknesses. One is that in the PPP definition of a basket of goods and services based on habits of consump- tion in developed countries (buying countries) tend to dominate. Also, the PPP reflects overall consumption habits in a country and is not adjusted for working-class population. In short, the PPP-defined basket of goods has a bias towards developed country and middle-class habits. The second weakness is that the basket used in the PPP calculation is not the same as that of the

AFW. The AFW basket is a variable basket divided only into food and non- food (as a factor of food cost) based on actual averages of working-class food and non-food expenses. The third weakness in the PPP definition is that its calculation is done at longer intervals and is not a current reflection. Despite its weaknesses, the PPP is the only relevant and stable measure reflecting con- sumption. If the weaknesses and biases explained above are corrected, it will only push the value of AFW upward. The current formulation of the AFW continues to be a conservative estimate for a minimum living wage.

#### CP – do the actual AFW

Roy 12 [“Asia Floor Wage and global industrial collective bargaining.” Anannya Bhattacharjee (Garment and Allied Workers Union, India) and Ashim Roy (New Trade Union Initiative, India). International Journal of Labour Research 2012 Vol. 4 Issue 1] AJ

Asian labour organizations in the AFW Alliance believe that the AFW must be implemented by the brands as they possess the political and economic power in the global supply chain. They are the primary employers in the global subcontracting chain. In fact, there is evidence to show that a struc- tural change has occurred in the global garment market, with the emergence of networked firms that displace cross-border markets for goods following the arm’s length principle, to internal markets within the networked firms for long-term supply contracts. It is a market for contracts as opposed to goods. The brands are responsible for generating the revenue through profit-sharing since they benefit immensely through wage arbitrage and through their position as primary employers of the global subcontracting chain. One way could be for the brands to pay a fair price to Asian manufacturers and to work closely with trade unions to ensure the delivery of AFW to Asian garment workers. The FOB (freight on board) cost of production and the profits gen- erated by buyers are reflected in the AFW formulation. A generalized pricing mechanism can be developed taking into account the unit AFW labour cost of a garment in terms of both FOB and retail costs. The AFW fixes the floor for the labour cost so that the FOB costs can be adjusted through other fac- tors and the price agreed accordingly.

The premise of AFW implementation requires freedom of association to be respected and for unionization to occur, since enforcement can only be done effectively with union and workers representatives as part of the process. Therefore, the right to organize is central to the ultimate success of the AFW campaign. The AFW is possible only in the presence of dynamic workers’ struggles. In fact, it creates a framework for the convergence of na- tional struggles and in so doing, complements and adds to the power of bar- gaining at national levels.

### Miller 09

Miller 09 [DOUG MILLER (University of Northumbria, UK) and PETER WILLIAMS (Labour Rights Consultant, UK). What Price a Living Wage? Implementation Issues in the Quest for Decent Wages in the Global Apparel Sector, Global Social Policy 2009. http://www.sagepub.co.uk/journalsPermissions.nav 1468-0181 vol. 9(1): pp 99–125] AJ

#### No LW hurts business – strikes, low productivity,

The living wage issue is a crucial test of the ability of multinationals’ and voluntary multi-stakeholders’ initiatives, such as the ETI, to effect improvements in international supply chain working conditions. Most certainly, all the signs point to this as an issue that needs to be urgently addressed, not least because of the very low level at which the minimum wage is set in many developing coun- tries. Early in 2006 workers in a number of foreign owned export companies in Vietnam engaged in a series of wildcat strikes to achieve an increase in a minimum wage, which had not been revisited since 1999.3 In Cambodia – held up as a model for social compliance through the ILO sponsored ‘Better Factories Programme’ (Miller et al., 2007; Wells, 2006), 181,556 days were lost between January and May 2006 with pay featuring as a central issue. Then, through much of the sum- mer of 2006, apparel workers in Bangladesh took to the streets to demand an increase of a minimum wage – last set in 1994 at Tk600 per month (£7.00) and insufficient to even feed one person – to Tk3000. The revised minimum wage of Tk1662 (£12), which came into force in 2006 is well below the Tk4800 estimated as a living wage, indeed it is worth less in real terms than in 1994 (Labour Behind the Label, 2007). In Sri Lanka, the trade unions have petitioned the government and threatened industrial action for an increase in the minimum wage to bring private sector wages to LKR11,730 per month (US$117.30) on a par with public sector, from their level of less than LKR5000 to compensate for an increasing cost of living. A living wage in Sri Lankan Free Trade Zones is estimated to be LKR12,504 (Prasanna and Gowthaman, 2006: 16).

#### Low increase in prices

In an illuminating piece of research undertaken by Locke and Romis (2006: 32) and appended to the Nike CSR report for FY 2005–6, two Nike supplier facto- ries in Mexico were compared for, among other things, unit labour costs for sim- ilar T-shirts manufactured under cellular and line based systems. The results are showninTable1belowandalthoughafullunitlabourcostwould,ofcourse,have to incorporate all labour costs – not just assembly – which go into the completion of an inspected and packaged garment ready for despatch, what is clear from these calculations is just how fractionally sewing is valued as in input for any given gar- ment in a multinational retailer or brand’s supply chain.

￼￼￼For example, in the Dominican Republic, labour input is calculated by work study at between 5.7 cents/minute and 10 cents per minute (Traub-Werner, 2007).6 In the case of full package manufacturers (where the supplier undertakes to source the fabric and trim as well as carry out CMT), their earnings scope is severely limited by buyers who are well aware of the price of fabric and trim so that the only way in which any leeway can be achieved is in the negotiation of the unit labour cost for specific garments (Traub-Werner, 2007: 2) It is of course this wage elasticity which has driven the ‘race to the bottom’ in the sector, and both anecdotally and officially,7 in terms of reported instances of excessive and forced overtime, it is clear that existing unit labour prices are being abandoned by suppliers anxious to secure a deal (Traub-Werner, 2007). ‘Full package’ jeans might have an FOB from the Dominican Republic of between US$6 (basic) and US$12, where the labour and finishing cost (including for example stonewash- ing and or embroidery) is priced at approx US$2. Significantly there has been heavy downward pressure from some retailers and brands on their FOB price with manufacturers reporting a halving of the assembly price within 8 years (Traub-Werner, 2007). Consequently the all too familiar scenario prevails, as reported by the National Labour Committee, in a Honduran Maquila manu- facturing sweatshirts for the US market,8 where 11–12 hour shifts were manda- tory with no overtime pay, and machinists earned less than one-half of 1% of the retail price of branded sweatshirts and workers could be suspended for 3 days for failing to reach their production target.

We would argue that addressing a living wage requires attention to the unit labour cost, since there is general consensus on all sides of the industry that an increase of unit labour cost by an amount proportional to what is locally deemed to be a living wage would only marginally impact on the retail price of the gar- ment (Birnbaum, 2000; Flanagan, 2002; Pollin et al., 2004; Worker Rights Consortium, 2005). It is worth reminding ourselves of the basic arithmetic involved here. In their study on the impact of substantial labour cost increases on apparel retail prices, the Worker Rights Consortium (WRC), drawing on the work of David Birnbaum (2000), present an example of a retailer wishing to import a Men’s knit shirt from the Philippines. The current labour cost of each item, which retails at US$44, is US$0.69. Assuming that wages have to be raised by 100% to attain the notional living wage in this country, the WRC calculates that the consequences of paying a living wage would be to raise the retail price by only US$0.34 (a mere 1.54%) (WRC, 2005).

However, the WRC calculations contain an oft-repeated fallacy resulting from a failure to consider the margins operating within the apparel value chain. If a brand or retailer accedes to an increase in the FOB price to cover a living wage increase, this will be augmented by levies and margins at various points up the value chain, including import duties, retail country VAT or sales tax, insur- ance and the profit and operating margins of trading intermediaries. The result- ing increases in retail price based on an increased FOB would therefore be greater than those estimated by the WRC. Table 2, adapted from Merk, and using the same data for a US$44 knit shirt, arguably gives a more accurate assessment of impact on the retail price of increasing wages by 50% and 100%. In this hypothetical case, doubling wages would increase retail prices by some 6.8%. Nevertheless the argument still holds true – that ‘From the viewpoint of the final consumer, the effects of changes in wage rate are ... relatively inconse- quential’ (Birnbaum, cited in Merk, 2003).

#### Living wage ordinances are a rare, US-only practice. National minimum wage increases are also obviously instances of the living wage

Miller 09 [DOUG MILLER (University of Northumbria, UK) and PETER WILLIAMS (Labour Rights Consultant, UK). What Price a Living Wage? Implementation Issues in the Quest for Decent Wages in the Global Apparel Sector, Global Social Policy 2009. http://www.sagepub.co.uk/journalsPermissions.nav 1468-0181 vol. 9(1): pp 99–125] AJ

NATIONAL MINIMUM WAGE FIXING Such discussions would need to allow for regional variations in the existing min- imum wage, (e.g. in countries such as India and Indonesia), agree on a basket of a goods and a notional family of dependents as yardsticks for calculations. So, what might be the process by which brands and retailers could resort to implement a living wage in the global apparel sector? One obvious way in which a living wage can be addressed would be by means of a substantial increase to a national minimum wage in respective supplier countries. However, industry wide bargaining generally lays down minima and in tripartite wage fixing in supplier countries, pressure is great from both employers and government to negotiate acceptable wage levels for the ‘slowest ships in the convoy’, whilst also taking account of prevailing wage rates in competitor countries. Where there is an absence of industrial upgrading and supplementary factory level wage bar- gaining, minimum wages can have a tendency to become maximum wages. During the national wage negotiations in Cambodia in 2006, for example, the workers demanded that the bilateral negotiations continue between the Inter- Federation Council (IFC) and the Garment Manufacturers Association of Cambodia (GMAC) having pressed for a minimum wage of at least $55 USD per month, a meal allowance of 1000r per hour, a seniority bonus of $2 USD per year, and an attendance bonus of $7 USD per month. The government, however, probably mindful of wage levels in neighbouring Vietnam and its accession to the WTO, intervened in the first ever national bargaining round in the sector and promulgated the minimum wage at the $50 rate which was on the table even though both sides were still mid negotiation. This rate was not only a far cry from the aspirational $82 living wage target which the unions had set themselves in consultation with labour research organizations but was soon fol- lowed by a decision to cut the nationally agreed night shift rate by as much as 70% . It seems clear that in the context of the current trading system post expiry of the Agreement on Textiles and Clothing in 2004, most supplier countries vie with each other to offer regimes to attract investment from multinational man- ufacturers, and now operate in a more competitive environment so that the downward pressure on set piece national minimum wage negotiations is likely ￼to intensify. This places the onus very much on those buyers who are feeling the squeeze from persistently adverse media coverage to search for other ways to address the living wage issue. It is to these approaches that we now must turn. LIVING WAGE ORDINANCES At the buyer end of the supply chain, those brands and retailers with living wage clauses in their codes of conduct could simply insist that a pre-defined wage rate consonant with a living wage be paid by the supplier and this would be audited accordingly. In the USA, as a result of trade union and NGO campaigns, some 130 municipalities and states have adopted so-called sweat-free procurement legisla- tion, placing a requirement on public suppliers to pay workers a non-poverty wage based on a living wage formula which a full-time worker would need to earn to support a family of 3 as determined by United States Department of Health and Human Services. These ‘living wage ordinances’ are implamented through their tendering process for workwear and laundry service providers. The city of Boston requires uniform suppliers for example, to pay workers the prevailing industry wage, defined as the wage set in collective bargaining agreements. Union suppli- ers prove they pay the prevailing wage with the union label. Non-union suppliers need to submit reams of wage data for different jobs. The City of Milwaukee, Wisconsin, has also challenged the Vanity Fair Corporation (manufacturing fire department uniforms in Mexico) on the living wage issue. However in the absence of an effective monitoring mechanism the city could not verify the company’s counter claims. In 2005 in a landmark victory, a Superior Court Judge held that Hayward’s living wage law, which requires companies in this case the laundry multinational Cintas, doing business with the city to pay employees $10.71 an hour or $9.26 if they provide health insurance, as constitutional. Since 2003, work- ers, supported by UNITE-HERE had filed 231 separate suits alleging that Cintas was paying wages two dollars or more below the city’s living wage. It has, however, become clear to the Sweatfree Coalition, however, that municipalities need to col- laborate on the enforcement issue – a lesson for private sector buyers. THE WORKER RIGHTS CONSORTIUM DESIGNATED SUPPLIER PROGRAM A similar but extended model can be found on some US campuses, where college apparel is a multi-million dollar business, into which companies bid to acquire the licence to manufacture apparel bearing a University logo for sale through campus shops. Most of the larger licensees contract out this work worldwide. Because of the ability of students to mobilize support amongst aca- demics and students on campus governing bodies, (cf. Klein, 2000) licensees have been forced to disclose supplier locations and latterly heed a set of recommenda- tions of the Worker Rights Consortium, a complaints mechanism established by the United Students Against Sweatshops (USAS). These constitute a factory approval scheme under which factories producing university-licensed products would be deemed compliant with a series of requirements, including payment of a living wage, the licensee’s payment of a price sufficient to pay a living wage, and the existence of a democratic, representative union or, at minimum, evidence of employer openness to union organizing and collective bargaining. Under the terms of this so-called ‘Designated Supplier Program’ (DSP) licensees will be required to reduce the number of supplier factories they use and only produce university licensed products in those factories that were certified by the WRC as meeting its various requirements outlined above. The significance of this development, apart from marking a decisive shift in approach to embrace the issue of ‘price’ and buying practice, is that many licensees are companies that are members of the Fair Labor Association,9 whose code does not aspire to a living wage. The programme is still in the process of being adopted by campuses. So far, some 40 universities have signed up,10 so it is too early to make an assessment of its effectiveness, since it is to be phased in over a period of three years. However, the WRC acknowledges that the DSP will not be effective in the long run with- out full transparency on the part of licensees and suppliers and some consolida- tion of the campus apparel production. From the brands/licensees side the Fair Labor Association has iterated a number of reservations with particular reference to cost and viability of the programme, anti-trust concerns,11 the impact of the DSP in countries where there are legal or structural reasons that would prevent factories from becoming designated, and a fundamental question as to whether such an approach is the best route to the achievement of a living wage.12 Private Sector and Voluntary Initiatives Both the ‘living wage ordinance’ and DSP apply to quite specific market niches and/or unique circumstances, where not inconsiderable buying power resides in public procurement agencies. This is not the norm for the global apparel sector. Here buyers might be motivated into addressing the issue by a number of factors – ethical consumerism leading to a shift in demand for their product, adverse media coverage threatening to harm the brand, an explosion of wage militancy in their supplier countries disrupting production, or a realisation that there may be added value in a living wage initiative.

#### LW applies to all workers

Miller 09 [DOUG MILLER (University of Northumbria, UK) and PETER WILLIAMS (Labour Rights Consultant, UK). What Price a Living Wage? Implementation Issues in the Quest for Decent Wages in the Global Apparel Sector, Global Social Policy 2009. http://www.sagepub.co.uk/journalsPermissions.nav 1468-0181 vol. 9(1): pp 99–125] AJ

If we take Bangladesh as an example, an Achilles heel for those UK mass dis- count retailers that have become the target of persistent NGO campaigning,27 sectoral bargaining around the National Minimum Wage in 2006 led to an agreed new minimum of 1662 Taka in October of that year. This figure is just over half the 3000 Taka/month living wage that unions and NGOs were seeking. Let us assume that all parties agree to the living wage figure of 3000 Taka. One of the principles of a living wage is that it should apply to all workers. Hence the lowest-remunerated worker, on entry level (Grade 7) would receive a wage of around 3000 taka/month based on a standard working week. This would involve an 80% increase on the entry-level rate. The next step would be to agree a notional pay scale for other workers. Differentials would need to be maintained, lest sewers are to earn more than supervisors. This would be have to be the sub- ject of negotiations at national or local level. One approach, which has the merit of being visibly equitable, would be to apportion to each grade the same flat rate increase afforded to the lowest grade worker. This is illustrated in Table 4.

#### Bangladesh – cost of higher LW could be very low

In very low wage economies like Bangladesh, where the existing minimum wage is worth around £12/month and the living wage equates to £35, whole- sale cost rises may be so small that a rapid increase in wages could be achieved through the kind of mechanisms discussed earlier. However, for more devel- oped economies like Latin America and Turkey, where wage increases would impact more on product cost, such an approach may be less workable. A more sustainable approach, and the only one likely to deliver improved wages across globalized garment supply chains, will depend on gradual raising of wages in parallel in supplier countries.28 Sustainable improvements in wages will only happen when retailers and brands institute mechanisms that direct orders towards suppliers with better working conditions, mechanisms that are painfully absent in the vast majority of brand-name and retail companies, whether members of MSIs or not.

### Ashta 13

Ashta 13 [Ashta A. 2013. A minimum wage solution to halving world poverty by 2015: A stakeholder approach. IIMB Management Review (Elsevier Science) 25(1):6-18, available at ssrn.com] AJ

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#### Redistribution good – turns cap K

Ashta 13 [Ashta A. 2013. A minimum wage solution to halving world poverty by 2015: A stakeholder approach. IIMB Management Review (Elsevier Science) 25(1):6-18, available at ssrn.com] AJ

Business cycles and financial crisis are the natural state of capitalism and perhaps orchestrated as part of the profit motivation central to the assumptions of economics (Veblen 1904). In a simplistic political game model, one person in a group has all the power. He can create economic policies to ensure that he gets all and others get nothing (a corner solution in a one period game). In a multi- period game, the others have the power to exclude him to the point of not purchasing from him or robbing him outright. Profit maximisation therefore requires some amount of redistribution by sharing the surplus with the rest of the community (customers/workers) through higher than necessary wage rates or lower than necessary prices (Hill and Cassill 2004). Minimum wage legislation can be viewed in this light. The political model favoured by classical models is a free market capitalist model with rationality attributed to purely economic motives such as profit or utility maximisation and the attendant monetary system in allocating value and some simplifying assumptions. Once the capitalist model or the economic motive has been undermined or the assumptions proved to be materially unrealistic, there is need for alternative theories such as behavioural finance and institutional theories, to help make economics an evolutionary science, though we may continue to go back and forth on whether economics could integrate these alternative views.. It is often difficult to separate trends which are a continuation of evolutions from a pre-crisis stage to trends in a post-crisis stage, notably trends which come from globalisation and Information and Communication Technology (ICT) changes to trends which are more reactive to the crisis (new laws). Probably, we can simplify and indicate that technologies have just increased the velocity of transactions and globalisation has increased the scale of transactions. In such a simple, perhaps simplistic, version, we would only need to add international institutions and create economic policy at a global level. One possibility of saving the system from crisis is to redistribute. That redistribution takes place but inequalities do not decrease6 is the perpetual paradox of capitalist economics, which can be understood in our game as a perpetual tradeoff of the powerful player between his short term profit maximisation and long term threat of exclusion. A key assumption is that such redistribution would give purchasing power to those who would purchase and bring profit back to the same person. Initially, the role of the State was considered the single most important factor in making this redistribution. In a global economy, it becomes the role of public international institutions. Global economic capitalism requires global redistribution to permit creation (of economic opportunities) as well as stabilisation.

#### Econ k2 preventing o-pop

Ashta 13 [Ashta A. 2013. A minimum wage solution to halving world poverty by 2015: A stakeholder approach. IIMB Management Review (Elsevier Science) 25(1):6-18, available at ssrn.com] AJ

One evident solution would be to reduce population which eats up growth. The high fertility rates (5.8 children per woman in the West African Economic and Monetary Union, see Table 1 of Ashta & Fall (2012)) may be partly due to the low life expectancy of 55 years (compared to about 80 years in much of the developed world). The problem is that fertility rates depend on customs and beliefs which themselves follow economic conditions by a generation, as suggested by the theory of demographic transition. Therefore, unless living conditions improve, people will have a lot of children, hoping some will help them in their old age. Education and ICTs may have helped increase awareness of the problem but religious and social sanctions may be difficult to overcome if economic conditions do not first improve.

#### A2 Microfinance

A fourth solution has been microfinance (Yunus 2003). This is also termed inclusive finance. The movement has been growing at 30% per year. It is hailed as a messiah by some, and a failure in impact by others (Roodman and Morduch 2009). It suffices to say that in the sample of 17 artisans mentioned earlier, small as it may be, most people had never taken any loans. Those who had taken loans took them from family or friends. Only one had a savings account. None had taken a loan from the formal or semi-formal microfinance organisation. Future research is required to corroborate official or volunteered figures on who is taking these loans. Another significant factor is that Bangladesh, the country with the leading microfinance, is amongst the top twenty in the list of Failed States Index 20098. At the same time, efforts by the microfinance institutions have clearly led to some welfare for poor women.9 The tradeoff of whether microfinance is good and helps entrepreneurs earn money or whether it is merely consumer lending leading to over-indebtedness requires a case by case analysis. However, we can see, especially by a study of the failure of the microfinance sector in India and the furore created by talk of suicides (Ashta et al. 2011), that unless all stakeholders, the poor, the firms, and the governments interact to create sound ethical rules, a sector cannot survive. What is good ethics is also being influenced by globalisation and education.

#### A2 property rights

A fifth solution has been the necessity to create property rights (Soto 2000).. To get economies of scale, the sample of eight West African countries studied by Ashta & Fall (2012) have got together in a monetary and economic union. They are creating not only laws which are common, but even model decrees of application to be passed by each country so that no public manpower needs to be wasted in reinventing appropriate decrees. However, the countries do not have the resources to enforce the laws and all the legislation is of little use if nobody knows about them.10 So, the creation of property rights, without appropriate information and enforcement, is far away from reducing poverty11.

#### A2 Education

A sixth mantra has been education. While we need to provide education to the millions of poor people, it is perhaps worthwhile questioning what we are considering education. A paper on Microfinance in the North African region (Allaire et al. 2009), shows that Algeria was the most integrated of the French colonies (Tunisia and Morocco were protectorates). As a result, the Algerian education system from the 1920s to 1960 reflected the French education system with very high literacy rates especially for women. Surprisingly, today, Algerian women have not emerged as leaders of microfinance nor of entrepreneurship and have, instead, been relegated to the background. Such an isolated example cannot indicate that education is of no use, but it could warn that mere literacy and importing developed country models of education and values are insufficient conditions to development. In any case, something more than education is necessary: perhaps a distinction needs to be made to encourage livelihood education. It may also be interesting to note that education may be good for the average person. But some people have more innate abilities to use education than others. Thus, instead of reducing poverty of those who lack these abilities, education can also increase the inequalities in productive capacity, and lead to an increase in poverty for those who have some, but inadequate, amounts of education. Partly, this problem is limited in a single-country framework, because each country is specialising in different industries and is educating its people in different ways. But in a globalised framework, with universal access to education, the most educated/ skilled workers could be found in, say, India and this would impact firms situated in America. Either the firm moves to India, creating problems for the unskilled workers in the US who then lose their jobs, or the skilled Indians are allowed to immigrate to the US, creating other sociological questions (many unresearched). Either way, multiple stakeholders are impacted and economics alone is inadequate to the task. A secondary question I’m posing is that if total global material wants can be satisfied by only a part of the world’s population working, why should the rest of the world be educated in the conventional sense to keep a reserve army of employable persons for those stakeholders who would like to limit wage increases? This question requires a return to the debate of the 35 hour week in France: should people share work or should some work and provide a dole to others (Ashta 2000)?

#### A2 public sector employment

Yet another solution which is proposed is public sector employment (Karnani 2007), which disagrees with the Bottom of the Pyramid approach and reflects

more the reality that there is nothing at the bottom of the pyramid except possibly empty shops such as those seen in Ouagadougou. Karnani encourages public expenditure on the development of infrastructure through the employment of all the poor. It leaves unanswered the question on what the poor are going to do with the infrastructure which is not required by business. But spending on infrastructure itself will improve welfare of those who do manage to use it: so in terms of consumption welfare it would help more than spending on arms, for example.12

#### all purpose perm ev

Evidently, nobody is indicating that any of the above solutions works in isolation. Everybody is suggesting that his solution be added on to the basket of solutions, to eradicate poverty. It is worthwhile to note that the OECD countries as well as the developing countries are trying to implement all of these. So are rich donors, social investors, socially responsible investors and even commercial investors.

It is, at the same time, necessary to remember, that for Africa at least, it has not worked. So, are we going to let Africa drop for 2015, as suggested by the participant in the Ouagadougou conference, and instead leave them to later generations? Also, the use of averages may confuse issues. It is possible that there are more poor in India than in Africa (Chen and Ravallion 2008) and the rural poor in India may be poorer than the poor in Africa .

We recommend adding a minimum wage rate based policy to all the others discussed previously. The solution is an existing institution, but requires reinforcement and upscaling. For it to work, a buy-in from different stakeholders is required to obtain immediate financing. This kind of collaboration with existing institutions is at a national and global level rather than at a local level studied by Mair and Marti (2009).

#### Case solves poverty

Yet the proposal is being offered recognising that:

 The working poor are an important part of society and are receiving attention from researchers (Bernabè and Kolev 2005). There is even a suggestion that the working poor need more support than the unemployed (Berner et al. 2008).

 The work with the most deeply affected in Africa will not suffice to place them above the poverty line by 2015, and we must at least do what we can for those who can benefit now.

 Reaching the goal for the working poor will show some progress and this may reinforce the motivation of the leaders to do more for other segments of the population.

 When the working poor move up, it would provide incentives to others to follow their examples.

 There will be linkage and multiplier impacts when the working poor spend their money to purchase informal services.

This paper only seeks to propose marginal changes to help meet two indicators of performance, promised by the MDGs. These indicators do not by themselves guarantee better standards of living. Linkage effects to the rest of the economy of these measures will also take time and are not treated here.

Minimum wages now exist universally outside the Middle East (ILO 2009). The case for minimum wages has been recently reviewed (Devereux 2005; Todorovic and Ma 2008) and we will provide only a general overview.

In the traditional classical economics view, a minimum wage rate, if above the equilibrium rate, creates a distortion in the economy, increasing supply of labour and reducing demand for labour, thus creating unemployment. The welfare increase of those getting more wages is offset by the disemployment of those who lose their jobs. Moreover, the better paid workers will raise the costs for those industries which will then become internationally uncompetitive and laid off workers will depress wages in the informal economy. There is a problem of enforcing compliance to minimum wages in the informal sectors (Devereux 2005).

On the other hand, Devereux (2005) also shows that a number of studies have looked at empirics and found that the evidence does not support the traditional view. In fact, minimum wages increase the welfare of the poorest. Moreover, by providing purchasing power to the classes which have a high marginal propensity to consume, it creates a multiplier effect which leads to the growth of the economy towards full employment and, if there is already full employment, to inflation. However, in poor countries which are far from full employment, this inflation threat is not valid except for structural rigidities (which of course exist). The non- economic welfare aspects of a minimum wage include protection from the tyranny of employers, especially in the non-unionised sector. Moreover, better paid workers consume better and are healthier, thus increasing their productivity. Moreover, to the extent that monopsonist buyers of labour were paying them below their marginal productivity, a rise of the minimum wage rate would reduce the exploitation but would not lead to a reduction in employment. In addition, an increase in minimum wages in the formal sector may increase the wages in the informal sector either because of increased demand for goods and services or because of a benchmark effect: the wages in the informal sector are indexed by employers based on the formal sector's minimum wage rate (Devereux 2005). Finally, minimum wages may be reinvested for increased education, more productive operating practices, and the emphasis on skill development and high value activities (Todorovic and Ma 2008).

As a result, many economists are advocating the utilisation of minimum wages for development. In many countries, minimum wage rates are introduced only to avoid the worst exploitation of employers. As a result, they are fixed at a level much lower than the average wage rates of the economy. A recent report by ILO

indicates that the most frequent scenario is that countries set their minimum wages at around 40% of average wages (ILO 2009), but the graph presented in the report indicates that at least a few countries set their minimum wages in the 6% to 20% range of average wages and therefore the impact is minimal. Only a few outliers sent their minimum wages at more than 70% of average wages.

A review of minimum wages in sub-Saharan Africa indicates that it is set below the $2 a day poverty line but higher than the $1 a day poverty line, but that the real minimum wage is falling over time (Devereux 2005). However, more recent data (2001-2007) by the ILO indicates that this trend has been corrected and minimum wages have been increasing at 6.5% per annum in developing countries in real terms. The effect of the economic crisis, though, shows that in 2008 half the countries have increased real minimum wages, while the other half have allowed inflation to erode their real value (ILO 2009). The minimum wage has increased from 37% in 2000–02 to 39% of average wages in 2004–07 (ILO 2008).

Moreover, in countries where minimum wage exists, it may either be universal as in Brazil (Lemos 2007) or applied selectively to some sectors. There is mixed evidence on its impact: it increases unemployment and depresses wages in some countries and has a benevolent impact elsewhere (Devereux 2005), for example in Brazil (Lemos 2007). Devereux (2005) astutely remarks that to reach the MDGs it would be advisable to increase the wages of the better-off people (near the poverty line) than to bother about the poorest of the poor, even though a Rawlsian13 welfare optimisation would suggest trying to increase the benefits of the poorest. In fact, the evidence in Brazil shows that the private sector impact of the minimum wage is not on the poorest wage earners but on the higher income groups because non-compliance is high (Lemos 2007).

#### Plan solves aggregate demand – k2 global growth

However, often less highlighted, the firms of the developed world need aggregate demand to keep growing. The current financial crisis, often blamed on the financial sector's lack of prudence, is essentially resulting from a real sector crisis where developed country workers no longer perceive needs for bigger and more cars, for example. The aggregate demand, therefore, needs to come from elsewhere. If wage levels double in the poor countries, this could be a source of increase in aggregate demand for quality goods produced in the rich countries, if even a part of the increase in wages is directed to them.

Thus globalisation needs transnational corporations to look at this balancing of interest by seeing what percentage of their demand is from middle class or lower class unskilled workers and whether the increase in aggregate demand from this section through higher minimum wages would compensate the increase in costs on a part of the value chain.

#### A2 Unemployment DA

The workers in poor countries would gain immediately owing to the increase in their salaries. On the one hand, there may be some short term disemployment which affects the poorest of the poor and on the other hand, they will gain in employment as the economy expands with the Keynesian multiplier. In Brazil, it was found that except for the poorest workers in the private sector, everybody else gained (Lemos 2007). The visible gains may be limited to workers in the formal sector, as shown be a study in Nicaragua (Gindling and Terrell 2010) but there may be a trickle-down effect to workers in the informal sector.

## EU Aff

### Onaran 11

Onaran 11 [Özlem Onaran (Senior Lecturer at Middlesex University, London. Her research areas include globalization, distribution, employment, investment and crisis). A crisis of distribution, not a fiscal crisis. In “There is an alternative: Economic policies and labour strategies beyond the mainstream.” International Labour Organization] AJ

#### Low wages are RC of European debt crises and economic decline

We are in a new episode of the global crisis: the struggle to distribute the costs. This crisis has been one of the outcomes, since the 1980s, of increased inequality at the expense of labour. Lower wage share created demand deficiency; this coupled with financial deregulation reduced investments despite increasing profitability. Financial innovations and debt-led consumption seemed to offer a short-term solution, which has collapsed since 2007. The crisis was tamed via major banking rescue packages

and fiscal stimuli. Now the speculators and

business lobbies are re-labelling it as a “sovereign

debt crisis” and putting pressure on governments

in a variety of countries ranging from Greece to the United Kingdom to cut spending to avoid taxes on their profits and wealth.

In Europe, the crisis laid bare the historical divergences. At the root of the problem is the neoliberal model which turned the periphery of Europe into markets for the core. The restrained policy framework – which is based on strict inflation-targeting, and which lacks fiscal transfers targeting productive investments in the periphery – is the root of the divergences. The Stability and Growth Pact, as well as EU competition regulations, limited the imple - mentation of national industrial policy. In the absence of investments to boost productivity and unable to devalue, the only option open to countries at the periphery of Europe such as Greece, Ireland, Portugal and Spain was lower wages. But this did not save them either, since Germany was engaged in a much more aggressive labour market policy. Between 2000 and 2007, unit labour costs declined by 0.2 per cent a year in Germany while they increased by 2 per cent in France; 2.3 per cent in the United Kingdom; and between 3.2 per cent and 3.7 per cent in Greece, Ireland, Italy and Spain. At the periphery, labour costs have increased faster than in Germany due to higher inflation. However, there was still wage moderation in these countries: in the 1990s and 2000s, productivity increases exceeded changes in real wages in all western EU countries, with the gap being largest in Germany. Overall, labour’s share in income declined sharply in Europe. In Germany, Italy, Portugal and Spain, real wages even declined in the 2000s. The phenomenal advantage of Germany was due to wage suppression rather than increasing productivity.

With weak domestic demand due to low wages, exports were the main source of German growth at the expense of current account deficits at the periphery of Europe. Germany is like the China of Europe, with large current account surplus, high savings and low domestic demand. At the periphery, consumption led by private debt has filled the gap that low exports and high imports have created. In Greece, and to a lesser extent in Portugal, the fiscal deficit also increased along with the debt of the households and corporations.

This is the background of the sovereign debt crisis unleashed in Greece. Indeed, in 2008–09, before the Baltic States, Greece, Hungary and Romania were under attack. Now, together with Greece, the attention of the speculators has turned to the public debt and deficits in Ireland, Portugal and Spain, and now again towards the core: to Belgium, Italy, the United Kingdom and even the United States. The EU’s joint rescue packages with the IMF came after months of destructive dithering and speculations about Greece’s default and exit from the euro. The European Central Bank, which acted as a lender of last resort to private banks, did not fulfil the same function in the case of the Eurozone governments until May 2010 when, ironically, the banks it saved speculated fiercely about default. The Eurozone Governments are indeed protecting their own banks that are holding Greek bonds, the bulk of which are held by German and French banks. Greece is now being pushed to follow Ireland and Latvia as role models in dramatic cuts in public sector wages, pensions and spending, and increases in taxes. Portugal and Spain have also subscribed to an austerity recipe. The new UK Coalition Government declared its commitment to severe cuts.

The speculators now worry that these measures are not a solution to the problems: first they think the default of Greece is inevitable given the popular resistance and the size of the debt. Second, in a schizoid way, they are worried that austerity measures will deepen the recession not only in Greece but many other rich countries, and create a double-dip recession. Despite severe cuts, the budget deficit might not improve: as further recession decreases tax revenues, this makes it harder to pay the debt back. A long recession is likely without fiscal stimuli. The uncertainty about the recovery is deterring new investment and hiring. Income and job losses, insecurity and the pressure to pay back debt are restraining consumption.

The current EU policies are assuming that the problem is fiscal discipline. They do not address the structural reasons behind the deficits and the “beggar-thy-neighbour” policies of Germany. The austerity packages are push- ing the countries into a model of chronically low internal demand based on low wages. The deflationary consequences of wage cuts may turn the problem of debt to insolvency for both private and public sectors. In the past in Germany, low domestic demand was substituted by high exports. But it is not possible to turn the whole Eurozone into a German model. Without the deficits of the periphery, the German export market will also stagnate.

#### EU aff

• There is a need for a correction of the wages to reflect the productivity gains of the past. To facilitate convergence, a minimum wage should be coordinated at the EU level.

#### Explanation of plan

The existing wage suppression policies hurt all working people alike. The popular view in Germany misses the fact that the German workers’ loss of wages, unemployment benefits and pension rights created part of the problem in Greece. This is a crisis of distribution, and a reversal of inequality at the expense of labour is the only solution. The

governments agreeing to the cuts are avoiding

taxing the beneficiaries of neoliberal policies and

the main creators of the crisis. The public debt

would not be there if it were not for the bank rescue

packages, counter-cyclical fiscal stimuli and the loss of tax revenues. This crisis calls for a major policy restructuring, combining the solutions to inequality with long-term aims of ecological sustainability. These include the following:

• A highly progressive system of taxes – coordinated at the EU level and taxing both income and wealth, with higher corporate tax rates, inheritance tax and financial transactions tax – is the way to make those responsible pay for the crisis. A progressive income tax mechanism with the highest marginal tax rate increasing to 90 per cent above a certain income threshold could also introduce a maximum income. Debt restructuring can be formulated via a progressive wealth tax on government bonds with the highest marginal tax rate reaching 100 per cent for holdings above a certain amount of bonds. This would make the speculators pay the costs of the crisis.

• There is a need for a correction of the wages to reflect the productivity gains of the past. To facilitate convergence, a minimum wage should be coordinated at the EU level.

## ILaw

### Offense

#### Ilaw affirms

ILO 14 [International Labor Organization, NORMLEX Information System on International Labuor Standards. “C131 Minimum Wage Fixing Convention, 1970. No. 131”. Adoption: Geneva, 54th ILC session (22 Jun 1970) - Status: Up-to-date instrument (Technical Convention)]

1. Each Member of the International Labour Organisation which ratifies this Convention undertakes to establish a system of minimum wages which covers all groups of wage earners whose terms of employment are such that coverage would be appropriate.¶ 2. The competent authority in each country shall, in agreement or after full consultation with the representative organisations of employers and workers concerned, where such exist, determine the groups of wage earners to be covered.¶ 3. Each Member which ratifies this Convention shall list in the first report on the application of the Convention submitted under Article 22 of the Constitution of the International Labour Organisation any groups of wage earners which may not have been covered in pursuance of this Article, giving the reasons for not covering them, and shall state in subsequent reports the positions of its law and practice in respect of the groups not covered, and the extent to which effect has been given or is proposed to be given to the Convention in respect of such groups.¶ Article 2¶ 1. Minimum wages shall have the force of law and shall not be subject to abatement, and failure to apply them shall make the person or persons concerned liable to appropriate penal or other sanctions.¶ 2. Subject to the provisions of paragraph 1 of this Article, the freedom of collective bargaining shall be fully respected.¶ Article 3¶ The elements to be taken into consideration in determining the level of minimum wages shall, so far as possible and appropriate in relation to national practice and conditions, include-- (a) the needs of workers and their families, taking into account the general level of wages in the country, the cost of living, social security benefits, and the relative living standards of other social groups;¶ (b) economic factors, including the requirements of economic development, levels of productivity and the desirability of attaining and maintaining a high level of employment.

### Hershey 16

#### The necessity of international cooperation and inter-state interests mandates obeying international principles

Hershey 16 [Amos S. Hershey. “Neutrality and International Law.” International Journal of Ethics, Vol. 26, No. 2 (Jan., 1916), pp. 168-176] AJ

Like the state itself, international law is ultimately based upon the innate or inherited sociability of human nature directed by specific human needs and group interests. Man, though he be a fighting animal almost constantly engaged in a desperate struggle for existence with his environment and often at war with his fellows, is also a social and political being who has long since learned that mutual aid or cooperation and organization are at least as essential to human well-being as are struggle, rivalry, and competition. Ever since their first appearance upon this planet, men have apparently lived not in isolation, but in more or less hostile or friendly groups which have formed ever-widening circles (families, hordes, clans, village communities, cities, states, nations, confederacies, etc.) within which the prac- tice of mutual aid or co-operation has largely supplanted, or at least modified, the habit of struggle and rivalry. This habit or practice of co-operation within groups was gradually extended to inter-groupal relations, until it now includes all civilized states, races, and nations, and appears to be entering upon its final stage of world organization. In international relations this solidarity or interdependence of interests, based on a human need for co-operation and organization, has stimulated the growth of customs based largely on precedent and has led to the formulation of rules and agreements which have as their purpose the maintenance of durable communal interests and peaceful intercourse even in time of war. It has given rise in modern times to the conception of a community, family, or society of states, the members of which, while retaining a certain degree of so-called sovereignty or independence, are legally and morally bound to observe certain rules, customs, and principles of international intercourse.

### Raz

#### Social coordination

Those who do not voluntarily or semi-voluntarily place themselves under the authority of relatively just governments are under a partial and qualified obligation to recognize the authority of such a government in their country. In particular its authority should be recognized to the extent necessary to enable it to secure goals, which individuals have reason to secure, for which social co-ordination is necessary or helpful, and where this is the most promising way of achieving them. Considerations of this kind would lead to a good deal of common authority, that is they would legitimate the authority of a government over all its subjects regarding a certain range of issues. Beyond that it will have authority regarding other issues which is based on other considerations, such as superior expertise, economy of effort, immunity from temptations and blackmail. These may affect large sections of the population in predominantly the same way. But here one may also expect a degree of individual variation. The authority of the state may be greater over some individuals than over others, depending on their personal circumstances. Indeed, it may vary for reasons which are in part a matter for individual decision and temperament. One person may wish to dedicate more of his time to other pursuits and therefore accept the authority of a reasonably just and competent government over a whole range of issues regarding which another may prefer to decide for himself, and be willing to invest the time and effort it takes to enable himself to decide wisely.

### Feller

#### Cooperation

In truth, law is a conservative influ- ence tending toward stability and regu- larity. And this has been and will con- tinue to be its major function in the in- ternational scene. At the same time, it has been the constant concern of inter- national lawyers to reconcile this stabi- lizing influence with the problem of peaceful change, precisely in order to enable the proper expression of legiti- mate national aspirations. This is one of the reasons for the creation of insti- tutional arrangements which can intro- duce the requisite flexibility into the legal order. There is a perfect case in point in the question of Libia. Here a colonial people has been enabled to fulfill its national aspiration to independence through the legal and institutional mechanisms of a peace treaty and the action of the General Assembly of the United Nations, and has done this with- out upheaval and with much less vio- lence than has ever before accompanied the birth of an independent state. This is an ideal example of the reconciliation of stability and change, of legal prin- ciple and national aspiration.

#### Second, international law is key to public faith in the state

Feller 52 [A. H. Feller. “In Defense of International Law and Morality.” Annals of the American Academy of Political and Social Science, Vol. 282, The National Interest-Alone or with Others? (Jul., 1952), pp. 77-83] AJ

At the same time I must state my deep conviction that for the long run, the "legalistic-moralistic approach," awkward as those words sound, applied sincerely and with a realistic regard for its short-term limitations, will perforce remain the highroad of a decent and effective foreign policy. And it is only in this way that we shall preserve our balance and our sense of direction. There are some who would have us believe that by following this road we make ourselves "slaves of the concepts of international law and morality." This is an extraordinary underestimation of the larger aims of foreign policy. The peoples will never believe that true and enduring world peace can be achieved without the eventual creation of a world order based on law and morality. In my view, they are per- fectly right in their belief. A foreign policy devoted to the careful adjust- ment of power interests by professional diplomats may work for a time in a limited sphere, but it will never retain the allegiance of the mass of people who yearn for a better world.

### 47

#### International law is the only peaceful and effective method of international cooperation – the alternative is dangerous instability

Jowitt 47 [Viscount Jowitt (RT. HON. VISCOUNT JOWITT, Lord Chancellor). “The Value of International Law in Establishing Co-operation among Nations.” The International Law Quarterly, Vol. 1, No. 3 (Autumn, 1947), pp. 295-300] AJ

My own belief is that, in spite of the international misunder- standings of which so much is made by the writers of headlines, there is today a measure of co-operation between States, and between men reared in very different legal and political systems, which would have been thought quite remarkable fifty years ago. To secure this co-operation, unceasing work is done through international agencies of many different kinds, which is very often unspectacular and quite unnoticed by the popular press. I believe that the chances of agreement are enormously increased when those concerned share in some degree a common intellectual discipline such as the law provides, in spite of the many differences in outlook between the common law and the systems founded on Roman law, to which one must now add the further differences of the Soviet legal system. The outstanding example of success in spite of such differing attitudes was, of course, the Nurem- berg trial, and no one can say that this was unspectacular work in which the man in the street had no concern, or that political passions were not deeply involved. Gradually, and through advance along such lines as these, I think that the nations are coming to see that, in the world of the atomic bomb, unrestricted national sovereignty is a luxury which we cannot afford and which is really hopelessly out of date. Patriotism may not be the last refuge of a scoundrel as Dr. Johnson said it was, but it certainly must be moderated to suit the altogether larger concept of world order. In his opening speech at the Nuremberg trials, Justice Robert Jackson repeated Coke's famous words to James I when the King had expressed the aspiration to rule by Divine Right-' Rex est sub Deo et sub lege'. The Nuremberg trial showed the world that this maxim applies now not only to a Sovereign in his own country, but to sovereign States in their relationship with the rest of the world. Now that the common man everywhere, as I believe, is coming to recognise this basic truth, international lawyers have a part of enormous importance to play in showing that the law provides a means for the settlement of disputes far surer, far cheaper and far more just to all concerned than reliance on the old cry of 'My country right or wrong '. The framework of a new world order has been established in the United Nations Organisation, and the principles which are to guide its administration have been declared in the preamble to the Charter to the United Nations in words which came from the pen of one of the great lawyer-statesmen of the Commonwealth, a Bencher of the Middle Temple, who learned his law at Cambridge and the Inns of Court, Field-Marshal Smuts. In that preamble Smuts, interpreting the spirit of English jurisprudence says: We, the peoples of the United Nations, determined to save succeeding generations from the scourge of war, which twice in our lifetime has brought untold sorrow to mankind, and To reaffirm faith in fundamental human rights, in the dignity and worth of the human person, in the equal rights of men and women and of nations large and small, and To establish conditions under which justice and respect for the obligations arising from treaties and other sources of inter- national law can be maintained, and To promote social progress and better standards of life in larger Freedom, And for these ends To practise tolerance and live together in peace with one another as good neighbours, and To unite our strength to maintain international peace and security, and To ensure, by the acceptance of principles and the institution of methods, that armed force shall not be used save in the common interest . . . . . . have resolved to combine our efforts to accomplish these aims. And it is, in my view, of great importance that, in the very first chapter of the Charter which is entitled 'Purposes and Principles ', it is expressly stated that the adjustment or settlement of inter- national disputes should be brought about ' in conformity with the principles of justice and international law '. There you have a categorical recognition of the part which international law and justice are destined to play in the preservation of peace and in which the contribution of a Society like yours is certain to prove of great value.

### Hurrell

#### Initial argument

It is on the basis of these ideas that we can identify the first analytical frame- work for thinking about international order: the idea of a pluralist and limited society of sovereign states. We can understand the political constitution of world politics by thinking primarily in terms of a world made up of separate, sovereign states which are, in turn, linked through various kinds of political practices and institutionalized structures. We can understand the question of global political order by assessing the manner and degree to which these political practices and institutions have reduced conflict and facilitated some degree of cooperation and stability. What kinds of ordered and cooperative relations have states and their governments established amongst themselves? What kinds of shared purposes and values (if any) can be discerned in the norms, rules, and institutions by which states and other actors have sought to structure and regulate their interaction?

For those who think in this way, interstate cooperation and international law are never likely to provide a stable and universal peace. At best, they can mitigate the conflicts that are likely to arise from the existence of a multiplicity of sovereignties. The relevant question is not: how might human beings create forms of international society or schemes of international cooperation

that embody all their aspirations for justice or which universalize some par- ticular conception of the good society? It is rather: how might states and other groups do each other the least possible harm and, in an age of total war and nuclear weapons, survive as a species? So the core goals of international social order are survival and coexistence; and the political framework is made up of the core institutions of a pluralist international society of states— international law, Great Powers, the balance of power, diplomacy, and war.

Although limited and pessimistic, it is important to distinguish this position from those who have seen international life as a condition of immutable struggle and conflict in which there is no element of society, and, still more, from those who have viewed war as having a positive value in the lives of both individuals and societies. There continue to be many celebrants of violence and many others who are willing to use war and violence for the pursuit of their political, economic, or religious goals. But in contrast to the relatively recent past, there are few who would uphold war and conflict as a normatively desirable feature of how the world as a whole should be ordered.

The narrowness and limited ambition of this pluralist society of sovereign states undoubtedly reflected the intense ideological and geopolitical conflicts of the Cold War. But it also drew upon a deep-rooted tradition in Western thought which had long viewed international society in pluralist or minimalist terms. A central strand of the history of thought on international relations was concerned with the idea of what, by the start of the eighteenth century, was commonly referred to as a society of states or, more commonly in the nineteenth century as a Family of Nations. This society involved the creation of certain minimalist rules, understandings, and institutions designed to limit the inevitable conflict that was to be expected within such a pluralist and fragmented political system. The normative structure of this society was built around the mutual recognition of states as independent and legally equal members of international society, on their freedom to promote their own ends subject to minimal constraints, and on the unavoidable reliance on self- preservation and self-help.

## Agamben Aff

### Notes – Ceasefire

From this: http://ceasefiremagazine.co.uk/in-theory-giorgio-agamben-the-state-and-the-concentration-camp/

* Ontology
  + The study of being
  + Agamben claims the state is constructed as an ontological theory of sovereignty
    - It’s ontological because the sovereign is closely related to life
* Sovereignty
  + Is a primary aspect of social life, not secondary
  + Is not a superstructure, but operates by directly shaping social life to its ends
  + Has existed in every state,
  + Is getting worse through time
* What does sovereignty mean
  + It is constitutive of the state
  + Defined by exclusion – constitutes the political body by deciding who can be a part of it
  + More basic than the law, because sovereignty decides whether and where the law applies
  + Politics is grounded in subjecting people to an absolute power that can decide life and death
* States legislate visibility and vulnerability
  + Protestors cannot wear masks and thus must be vulnerable
  + Vulnerability is a condition of participation in political/public life
* Forms of life
  + Bare life (biological existence) vs. qualified life (given meaning by political recognition)
  + Bare life
    - Examples
      * Guantanamo prisoner
      * Concentration camp inmate
    - Bare life is not ethically significant – bare life people can be killed and it is not considered murder
    - Bare life is where human life becomes indistinguishable from animal life
    - Determined by the state – recognition can be taken away at will
* Homo sacer (“Sacred human” or “taboo human”)
  + This person can be killed, but not sacrificed
    - Can be killed because their life is not ethically significant
    - Cannot be sacrificed because a sacrifice implies something of value is being given up – the homo sacer is valueless
  + History
    - Homo sacer existed in some medieval and ancient societies such as ancient Rome
    - In Britain, the parallel was the “outlaw” – someone who could be killed and the killer would not be considered a murderer
  + Homo Sacer is the mirror image of the sovereign, who is within the law as an individual but outside of the law with the ability to declare emergency
  + It also represents that there is more to life than what is in law or politics
* Homo sacer’s role in politics
  + HS is essential to the sovereignty of a state
    - Historically, “ban” referred both to “banner” of a state and a “banished” person
  + It was supposed to die with modern liberalism, but is becoming increasingly apparent with states of emergency and camps like Gitmo
    - Evidenced by the prevailing strains of thought that some people are “monsters” (felons), “animals” (other races), or “scum”
  + Anyone is vulnerable of being declared homo sacer, at any time
    - However, anyone can also be sovereign by declaring others homo sacer (through moral panics, for instance)
* “Exceptional” power
  + The power to declare a state of exception that suspends legal protections
  + Camps like Gitmo or prisons, where people are outside the scope of normal protections and can be punished with impunity
* The camp as a place where sovereignty is exercised
  + “The camp”, which far predated the Holocaust, is particularly significant
    - It made a temporary state of exception permanent
    - Located it in a space instead of a time period (like a state of emergency)
    - Within the territory but outside its law (unlike a colony)
    - Differ from prisons because the guard is absolutely sovereign and can do whatever he/she wants to the homo sacer
    - Outlawed people are not allowed to exist outside of society and must instead exist within its borders, subject to constant possibility of arbitrary punishment
  + Marked as the first turning point for Agamben
  + The camp is constantly possible in the spaces of exception that sovereignty creates
    - The fact that people are not always killed in these spaces is due to the whims of the agents in power, not due to any legal protection (which is weak or ineffective in these spaces)
* The Holocaust
  + Considered the 2nd turning point by Agamben
    - Revealed the monstrosity of the camp to the world
    - Starting point for a politics opposed not just to Nazi Germany, but to the exercise of sovereignty in general

Part 2 Notes: http://ceasefiremagazine.co.uk/in-theory-giorgio-agamben-destroying-sovereignty/

* What now?
  + The response to Agamben’s conclusion would be to resist the creation of states of exception, and by extension sovereignty itself
  + The problem of sovereignty is getting worse, since the camp is increasing to include all of society
    - Practices such as surveillance or biometric identification (fingerprinting)
  + Bare life and qualified (politically recognized) life are “collapsing into one another,” creating what Agamben calls a “zone of indistinction”
    - This is due to the contradictory nature of homo sacer itself
      * It is the foundation of the state and yet is defined as radically outside of the state
    - This is inherent to the nature of the state – so unless we take action, things will only get worse
* Agamben’s alternative account of politics
  + Sovereign power is based on the ability to declare someone homo sacer – on the distinction between bare life and qualified life
    - Therefore, any new form of politics must overcome this distinction
  + Bare life must, thus, be “autonomous and self-validating”
    - This takes away the sovereign’s power to “ban” someone
    - Bare life must be able to value itself without the sovereign or any added political dimension
* The “whatever-singularity”
  + Derivation
    - In D&G, a singularity is something which is unique and cannot be reduced to a measure or representation
    - “Whatever” means something will always matter regardless of whatever it is
  + Thus, people are viewed as a scattered series of singularities rather than a normalization or generalization
    - All of these singularities are independently valuable and resist categorization
  + Implications for ethics
    - This is an ethic of “letting be”
    - This entails doing away with normal standards of good and evil
    - Agamben rejects notions of guilt and responsibility since he claims these come from legal thought, which is derived from sovereignty
  + Implications for homo sacer
    - Every person has independent ethical value, regardless of what “crimes” they have committed
    - Denies one the possibility of denying a person’s freedom
* “The Coming Community”
  + This is a form of togetherness that is counter posed to the sovereign, a “non state”
  + It is based on “whatever-singularities” and their antagonism to the state and sovereign
  + These communities can exist without “representable conditions of belonging,” such as laws and norms
* Starting point of bare life
  + Rather than starting from identity, Agamben says we should start from the lowest point of the camp inmate, the truest form of bare life
    - Like seeing the full height of a tree when one is lying down, being at the lowest point reveals the full scope and problem of sovereignty

### Notes – Arjun

What are Agamben’s views on non-political life?

Social identity and stuff like that are part of qualified life.

Is there a spectrum of qualified vs bare life? What if I am disenfranchised?

In the camp – regardless of the crimes that are committed there – it is still a camp.

What is the sovereign?

A figure that holds power – like the executive, police guards.

Is it only political power, or any power?

### A2 Agamben

#### Agamben is overly reductionist

Robinson 11 [Andrew Robinson. “Giorgio Agamben: destroying sovereignty.” Ceasefire Magazine. January 21, 2011. http://ceasefiremagazine.co.uk/in-theory-giorgio-agamben-destroying-sovereignty/] AJ

My main concern with Agamben’s theory arises from some degree of scepticism regarding the assumption that political issues have an ontological status. Agamben’s work has become strongly resonant and fashionable for a very clear reason: he is talking about issues which speak to the problems of the moment, which seem to communicate directly with issues such as Guantanamo Bay, ‘anti-terror’ laws, attacks on civil liberties, and the global ‘war on terror’. It is a good thing that theorists are giving serious attention to these issues, and the social logics of states are clearly tied-up in them. The difficulty is the question of whether these issues really operate on the deep ontological or structural level which Agamben assumes. Political events are taken to express ontological rather than contingent phenomena (or more generously to Agamben, perhaps the contingencies reveal ever-present potentialities). Sovereignty has always been what it is (i.e. Auschwitz), but it has unfolded cumulatively according to its own logic. But can sovereignty ‘unfold’ of its own accord, as if the entire political context derives from it? I feel there is a fundamental problem with Agamben’s work, and that of several other continental theorists, which stems from an unduly reductive, single- (or at most double-)agent account of social forces, in which sovereignty is treated as a determining instance from which the rest of modern social life follows (akin to the role of capitalism in Marxist theory, but with capitalism replaced by sovereignty). Agamben explains the current situation mainly through the unfolding of a single dynamic, that of sovereignty. This underestimates the extent to which the state’s unfolding is restricted and inflected by other powerful social forces. For instance, there are cases where state power is constrained from the outside by the power of social movements (such as various discussions of society against the state, from Clastres to works on Latin American social movements), or by forces such as transnational capital (as much of the scholarship on globalisation argues); cases where the state is ‘in society’ and fuses with it, becoming at least partly dependent on social movements, as discussed by comparativists such as Joel Migdal; and cases where a ‘historical bloc’ of local class forces contributes to the formation and direction of the state, as in neo-Gramscian analysis. This doesn’t necessarily mean that Agamben is wrong about sovereignty. The fact that states are constrained by or even hybridised with other social forces does not necessarily preclude them having their own logic or dynamic. To argue by analogy, capitalists always seek to make profits, even if sometimes they have to rely on local kinship networks to secure profits, or pay off local leaders to access resources. The profit motive is inherent to capitalist motivation, even when this motivation enters into hybrid combinations. Similarly, it is quite plausible that Agamben’s account of sovereignty describes something inherent in the functioning of states. But nevertheless, the question of whether, to what extent, and how the state is able to actualise sovereignty becomes dependent on its location among other social forces. If it is suddenly acting more thoroughly on this logic, then it is quite possible that it has not simply evolved cumulatively, but has either grown stronger relative to other forces, has ‘seceded’ from them and become unconcerned about its effects on them, or is benefiting from an enabling context which lets it unfold its own dynamic in an unconstruained way. In other times and places, states have either been forced to permit or unable to prevent the expansion of rights such as habeas corpus. It is particularly paradoxical that the state is acting in a more unconstrained way with regard to sovereignty at precisely the moment when it has lost important powers to global capital. Is global capital actually permitting, or even encouraging, the unfolding of sovereignty? Is sovereignty becoming more apparent because the cathartic outlet of interstate conflict has declined? Are states acting up because they fear their own loss of power to transnational networks, from social movements to armed opposition groups? Is the state becoming less afraid of powerful ‘included’ groups such as organised labour and the professions, which would otherwise make it hesitant to risk deploying sovereignty? Is the discourse of sovereignty reappearing in force because the state needs to redefine its own role to survive the decay of other narratives (such as the state-as-arbiter and the state-as-distributor)? Agamben’s approach to politics is thoroughgoing in its cleaning-out of statist ways of thinking, and hence has much to offer. It does tend, however, to be rather all-or-nothing. Agamben’s approach makes it very hard to make distinctions between better and worse kinds of states, between greater and lesser degrees of recognition of civil liberties. It makes it hard to think about creating resilience in social movements in the period before the state is destroyed. Perhaps more thought needs to be given to the exact conditions in which states can be forced not to declare exceptions, or in which states of exception can be contingently defeated (from the El Alto ‘gas war’ to the Woomera protests). The state seeks to impose a logic of sovereignty, but this logic is often contested by other social forces. While the elimination of sovereignty may well be the only way to destroy the conditions for future genocides, social movements which do not yet have the power to shatter the state can nevertheless undermine it, rendering its power increasingly limited, partial and conditional.

#### We should start from the point of resisting becoming homo sacer rather than homo sacer itself – this mirrors real world struggles and is theoretically more defensible

Robinson 11 [Andrew Robinson. “Giorgio Agamben: destroying sovereignty.” Ceasefire Magazine. January 21, 2011. http://ceasefiremagazine.co.uk/in-theory-giorgio-agamben-destroying-sovereignty/] AJ

Another problem is with the view that resistance should come from the standpoint of bare life. I would suggest that it should, rather, come from the standpoint of whatever-subjectivity as something which is at once ‘bare’ and self-recognised, and which reconstitutes itself outside the statist frame. The idea of taking the standpoint of the most excluded or oppressed, the “social symptom” in Zizek’s terms, is not unique to Agamben, and has a certain emotional pull. It is, indeed, at this point that the oppressiveness of a particular system becomes most apparent. It is, however, not in the helpless abjection of homo sacer but in the rejection of the state’s view of one’s status as (potentially or actually) valueless and insistence, against such a view, on self-valorisation. This means that resistance can’t actually be expected from people reduced literally to the status of the so-called musselmannen at Auschwitz. Part of the difficulty is that the group which is most oppressed and despairing is also likely to be reduced to a condition of ‘learned helplessness’. On the other hand, inmates of camps, even Nazi death camps, did resist, to the point of staging a mass uprising at Sobibor death camp and in the Warsaw Ghetto. Authors such as Erving Goffman, Thomas Mathiesen, Michel Foucault and James Scott have shown how people resist and recompose their subjectivities and social relations even in camp-like settings. Forms of everyday resistance, spectacular protest (such as hunger strikes), and occasional uprisings can be observed even in horrific places like Guantanamo Bay and Abu Ghraib. This resistance comes, however, not from the most abject people, but from people who are resisting being reduced to this status. It comes, not from bare life, but from a refusal to be reduced to bare life. It is thus not a passage through despair, but a way of warding it off. The conditions for recomposing hope in desperate circumstances do not stem automatically from despair, but rather, emerge from active practices of resistance and the reconstruction of meaning. Agamben is thus right in starting from the standpoint of the excluded, but wrong in viewing abjection as a correlate of (rather than an effect of state power on) this standpoint. Rather, transformation becomes possible through the conversion of exclusion into autonomy, through the rejection and immanent overcoming of sovereignty.

### Huysmans 08

Huysmans 08 [Jef Huysmans (The Open University, UK). “The Jargon of Exception—On Schmitt, Agamben and the Absence of Political Society.” International Political Sociology (2008) 2, 165–183. Blackwell Publishing] AJ

The article is about how viewing the political through an “execptionalism” lens distracts and disables us from multifaceted critical examinations. This is an answer to agamben

### Humphreys 06

Humphreys 06 [Stephen Humphreys (Sidney Sussex College, University of Cambridge). “Legalizing Lawlessness: On Giorgio Agamben’s State of Exception.” The European Journal of International Law Vol. 17 no.3. 2006] AJ

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#### State of exception

For all the talk of empire, new security paradigms and executive privilege, there have been remarkably few theoretical efforts to tease out the deep structures underlying the shifting currents of our evolving legal-political culture. State of Exception, Giorgio Agamben’s third volume in a series also comprising his 1998 Homo Sacer and 1995 Remnants of Auschwitz provides a glimpse of how such a theory might look. This is a timely and sustained inquiry into the now near ubiquitous state of emergency (or of exception, siege, necessity, or martial law), reaching back through medieval to Roman juridical conceptions of sovereign authority. Agamben identifies the state of exception as a modern institution, with roots in the French revolution, ascendancy during the First World War, and dominance by the mid-20th century as the ‘paradig- matic form of government’. However, the complex thesis presented in this treatise goes far beyond the paradoxical assertion that the state of exception is today the rule – it elaborates a theory of law to account for the existence of a realm of human activity not subject to law. The legal production of the state of exception appears in this story as an ongoing imperative to colonize ‘life itself’. Although the outcome of this encroaching process is by no means certain, the stakes, as Agamben perceives them, could not be higher: it signals the slow disappearance of meaningful political action.

That larger thesis emerges only gradually. To begin, Agamben identifies two main schools of thought on the legality of the state of exception. The first views it as ‘an integral part of positive law because the necessity that grounds it is an autonomous source of law’.1 This approach is today codified in international law through the notion of derogation. When faced with a public emergency that ‘threatens the life of the nation’, international human rights treaties – and many constitutions – permit states to suspend the protection of certain basic rights.2 The existence of derogation- like clauses is generally represented as a ‘concession’ to the ‘inevitability’ of excep- tional state measures in times of emergency, and also as a means to somehow control these.3 As such, they have been viewed as ‘one of the greatest achievements of con- temporary international law’.4 In practice, the derogation model ‘creates a space between fundamental rights and the rule of law’, wherein states can remain lawful while transgressing individual rights – effectively creating, in the words of Tom Hickman, a ‘double-layered constitutional system’.5

Agamben’s second group6 understands the state of exception to be ‘essentially extrajuridical’, something prior to or other than law. For these writers, a constitu- tional endorsement of the state of exception is a pragmatic recognition of limited con- stitutional dominion. Echoing Alexander Hamilton, that ‘[t]he circumstances that endanger the safety of nations are infinite; and for this reason no constitutional shackles can wisely be imposed on the power to which the care of it is committed’,7 proponents argue that it is neither possible nor desirable to control executive action in times of emergency using standard judicial accountability mechanisms.8 A legal space must instead be opened for untrammelled state action, albeit only for the time it takes to restore the constitutional order. Attempts to impose legal controls will merely infect ordinary rights protections with extraordinary elasticity. Agamben, however, rejects both approaches – ‘the state of exception is neither internal nor external to the juridical order, and the problem of defining it concerns precisely a threshold, or a zone of indifference, where inside and outside do not exclude each other but rather blur with one another’. At root, he wonders: ‘How can an anomie be inscribed within the juridical order?’9

To lift the ‘veil covering this ambiguous zone’, Agamben offers a juridical geneal- ogy of the state of exception: the repeated and variegated efforts throughout the Western legal tradition to extricate sovereign power entirely from the habitus of law or, in a related move, to legislate for the law’s own suspension. Agamben notes approvingly the medieval conception of the exception, citing Gratian, Thomas Aquinas and Dante, which serves not to ‘render the illicit licit’ but ‘to justify a single, specific case of transgression by means of exception’. An example, taken from Gratian, is the post hoc recognition of a bishop ordained despite a lack of qualifica- tions – in order to avoid rupture within the church. For the common good, the law’s strictures were exceptionally disregarded, a move which ‘prevents the law from refer- ring only to the law and thus prevents the closure of the juridical system’, in the words of Antonin Schütz.10

#### States of exception are sustained through military metaphor

The modern formulation of the state of exception arrives with a 1789 decree of the French constituent assembly, distinguishing a ‘state of peace’ from a ‘state of siege’ in which ‘all the functions entrusted to the civilian authority for maintaining order and internal policing pass to the military commander, who exercises them under his exclusive responsibility’.11 From there the state of exception is gradually emancipated from its war context and is introduced during peacetime to cope with social disorder and economic crises. The key observations are, first, that ‘the modern state of exception is a creation of the democratic-revolutionary tradition and not the absolutist one’,12 second, that the state of exception immediately assumes a ‘fictitious’ or political character, where a vocabulary of war is maintained metaphorically to justify recourse to extensive government powers. These points are demonstrated repeatedly in Agamben’s brief history of the state of exception in Europe and the United States, from the introduction of states of emergency to deal with financial crises in Germany in 192313 and France in 1925, 1935 and 1937,14 to union strikes and social upheaval in Britain in 1920,15 earthquakes in Italy in 1908,16 and, perhaps most strikingly, by Presidents Lincoln – to provide a basis for the abolition of slavery in 1862 – and Roosevelt, to ensure passage of the New Deal in 1933.17 Roosevelt’s words in this context are illustrative: ‘I shall ask the Congress for the one remaining instrument to meet the crisis – broad Executive power to wage war against the emergency, as great as the power that would be given to me if we were in fact invaded by a foreign foe.’18 The present ‘permanent state of exception’ too should, Agamben indicates, be understood as a fiction sustained through military metaphor.

### Munoz 06

Munoz 06 [Sergio Munoz-Sarmiento. “On Giorgio Agamben’s State of Exception.” Clancco: The Source for Art & Law. December 2, 2006] AJ

### Prozorov 9

Prozorov 09 [Prozorov, Sergei (Collegium Research Fellow, Helsinki Collegium for Advanced Studies, University of Helsinki). "The appropriation of abandonment: Giorgio Agamben on the state of nature and the political." Continental philosophy review 42.3 (2009): 327-353] AJ

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Notes

* Agamben says redemption happens within the space of sovereignty
* He says there is a minor displacement in the space that is supposed to be overcome/defeated
  + What agamben reappropriates is “the Hobbesian state of nature as a space of social praxis”
    - However, for this to be done, the state of nature must be the negative foundation of the state
    - The state of nature is a product of the institution of sovereign power
      * It will be reappropriated as a dwelling place of the post-sovereign community

#### Whoa it’s agamben’s advocacy

In this paper we shall attempt to illuminate the affirmative aspect of Agamben’s philosophy at the site, where its critical drive is most intense, i.e. the state of exception as the topos of sovereign power. While Agamben’s argument about the structure of the ‘sovereign ban’, which reduces the objects of sovereignty to a bare life, exemplified by the disconcerting figure of homo sacer, is well-known, his vision of a post-sovereign politics, of a ‘life over which sovereignty and right no longer have any hold’5 appears rather ambiguous. The difficulties of understanding the affirmative aspect of Agamben’s work have to do with his determination to find possibilities of redemption within the very same space where the logic of sovereignty operates, rather than introduce normative principles transcendent in relation to this domain. In the manner that also characterizes the work of Heidegger, Derrida and other late-modern philosophers, Agamben grants his affirmation no other content than an apparently minor displacement within the very same terrain that is to be transcended, a reappropriation or a different use of the very same condition that we find violent or oppressive. Thus, Agamben’s post-sovereign politics has no other content than the reappropriation of the state of exception by the subjects caught in its operation and a different use of the condition of abandonment, to which they are resigned by the logic of sovereignty.

In order to understand this strategy of reappropriation, it is necessary to engage with Agamben’s reading of Hobbes that deconstructs the classical distinction between the state of nature and the civil state of the Commonwealth. As we shall argue below, what is reappropriated in Agamben’s post-sovereign politics is nothing other than the Hobbesian state of nature as a space of social praxis with no relation to the law or sovereignty. Yet, for this reappropriation to become possible, the figure of the state of nature must be restored to its proper place within the order of the Commonwealth as its negative foundation. Radicalizing Schmitt’s criticism of Hobbes, Agamben argues that the state of nature does not precede the institution of sovereign power but is rather the product of the latter, and it is only as such a product that it may eventually be reappropriated as an ethos (dwelling place) of a post-sovereign community that has severed all ties with state power.

Our argument in this paper is structured in two parts. Firstly, we shall outline Agamben’s development of the Schmittian thesis on the equation of the state of nature and the political, which dismantles the Hobbesian construction of the state of nature as both spatially and temporally distinct from the civil state. Drawing on Foucault’s critique of Hobbes, we shall propose that Agamben’s theory ventures to restore the state of nature, which Hobbes casts as a mythologeme, to its real existence at the heart of nomos as its negative foundation. In the second part, we shall address the consequences Agamben draws from this operation, which, contrary to Schmitt’s valorization of the political, consist in the imperative for its ‘messianic suspension’, whereby the ‘fictitious’ state of exception embodied in the sovereign gives way to the ‘real’ state of exception that severs social praxis from any figure of constituted power. We shall then outline three key features of Agamben’s post- sovereign politics that is inaugurated by the reappropriation of the state of nature and conclude with a discussion of the differences between Schmitt and Agamben with regard to the fate of Hobbes’s Leviathan in late-modern politics.

### Gulli 13

Gulli 13 [Bruno Gullì (professor of history, philosophy, and political science at Kingsborough College in New York). “For the critique of sovereignty and violence.” 2013] AJ

#### The global sovereigns have introduced a systemic biopolitcal cleansing

Gulli 13 [Bruno Gullì (professor of history, philosophy, and political science at Kingsborough College in New York). “For the critique of sovereignty and violence.” 2013] AJ

We live in an unprecedented time of crisis. The violence that characterized the twentieth century, and virtually all known human history before that, seems to have entered the twenty-first century with exceptional force and singularity. True, this century opened with the terrible events of September 11. However, September 11 is not the beginning of history. Nor are the histories of more forgotten places and people, the events that shape those histories, less terrible and violent – though they may often be less spectacular. The singularity of this violence, this paradigm of terror, does not even simply lie in its globality, for that is something that our century shares with the whole history of capitalism and empire, of which it is a part. Rather, it must be seen in the fact that terror as a global phenomenon has now become self-conscious. Today, the struggle is for global dominance in a singularly new way, and war –regardless of where it happens—is also always global. Moreover, in its self-awareness, terror has become, more than it has ever been, an instrument of racism. Indeed, what is new in the singularity of this violent struggle, this racist and terrifying war, is that in the usual attempt to neutralize the enemy, there is a cleansing of immense proportion going on. To use a word which has become popular since Michel Foucault, it is a biopolitical cleansing. This is not the traditional ethnic cleansing, where one ethnic group is targeted by a state power – though that is also part of the general paradigm of racism and violence. It is rather a global cleansing, where the sovereign elites, the global sovereigns in the political and financial arenas (capital and the political institutions), in all kinds of ways target those who do not belong with them on account of their race, class, gender, and so on, but above all, on account of their way of life and way of thinking. These are the multitudes of people who, for one reason or the other, are liable for scrutiny and surveillance, extortion (typically, in the form of over- taxation and fines) and arrest, brutality, torture, and violent death. The sovereigns target anyone who, as Giorgio Agamben (1998) shows with the figure of homo sacer, can be killed without being sacrificed – anyone who can be reduced to the paradoxical and ultimately impossible condition of bare life, whose only horizon is death itself. In this sense, the biopolitical cleansing is also immediately a thanatopolitical instrument. The biopolitical struggle for dominance is a fight to the death. Those who wage the struggle to begin with, those who want to dominate, will not rest until they have prevailed. Their fanatical and self-serving drive is also very much the source of the crisis investing all others. The point of this essay is to show that the present crisis, which is systemic and permanent and thus something more than a mere crisis, cannot be solved unless the struggle for dominance is eliminated. The elimination of such struggle implies the demise of the global sovereigns, the global elites – and this will not happen without a global revolution, a “restructuring of the world” (Fanon 1967: 82). This must be a revolution against the paradigm of violence and terror typical of the global sovereigns. It is not a movement that uses violence and terror, but rather one that counters the primordial terror and violence of the sovereign elites by living up to the vision of a new world already worked out and cherished by multitudes of people. This is the nature of counter-violence: not to use violence in one’s own turn, but to deactivate and destroy its mechanism. At the beginning of the modern era, Niccolò Machiavelli saw the main distinction is society in terms of dominance, the will to dominate, or the lack thereof. Freedom, Machiavelli says, is obviously on the side of those who reject the paradigm of domination: [A]nd doubtless, if we consider the objects of the nobles and of the people, we must see that the first have a great desire to dominate, whilst the latter have only the wish not to be dominated, and consequently a greater desire to live in the enjoyment of liberty (Discourses, I, V).¶ Who can resist applying this amazing insight to the many situations of resistance and revolt that have been happening in the world for the last two years? From Tahrir Square to Bahrain, from Syntagma Square and Plaza Mayor to the streets of New York and Oakland, ‘the people’ speak with one voice against ‘the nobles;’ the 99% all face the same enemy: the same 1%; courage and freedom face the same police and military machine of cowardice and deceit, brutality and repression. Those who do not want to be dominated, and do not need to be governed, are ontologically on the terrain of freedom, always-already turned toward a poetic desire for the common good, the ethics of a just world. The point here is not to distinguish between good and evil, but rather to understand the twofold nature of power – as domination or as care. The biopolitical (and thanatopolitical) struggle for dominance is unilateral, for there is only one side that wants to dominate. The other side –ontologically, if not circumstantially, free and certainly wiser—does not want to dominate; rather, it wants not to be dominated. This means that it rejects domination as such. The rejection of domination also implies the rejection of violence, and I have already spoken above of the meaning of counter-violence in this sense. To put it another way, with Melville’s (2012) Bartleby, this other side “would prefer not to” be dominated, and it “would prefer not to” be forced into the paradigm of violence. Yet, for this preference, this desire, to pass from potentiality into actuality, action must be taken – an action which is a return and a going under, an uprising and a hurricane. Revolution is to turn oneself away from the terror and violence of the sovereign elites toward the horizon of freedom and care, which is the pre- existing ontological ground of the difference mentioned by Machiavelli between the nobles and the people, the 1% (to use a terminology different from Machiavelli’s) and the 99%. What is important is that the sovereign elite and its war machine, its police apparatuses, its false sense of the law, be done with. It is important that the sovereigns be shown, as Agamben says, in “their original proximity to the criminal” (2000: 107) and that they be dealt with accordingly. For this to happen, a true sense of the law must be recuperated, one whereby the law is also immediately ethics. The sovereigns will be brought to justice. The process is long, but it is in many ways already underway. The recent news that a human rights lawyer will lead a UN investigation into the question of drone strikes and other forms of targeted killing (The New York Times, January 24, 2013) is an indication of the fact that the movement of those who do not want to be dominated is not without effect. An initiative such as this is perhaps necessarily timid at the outset and it may be sidetracked in many ways by powerful interests in its course. Yet, even positing, at that institutional level, the possibility that drone strikes be a form of unlawful killing and war crime is a clear indication of what common reason (one is tempted to say, the General Intellect) already understands and knows. The hope of those who “would prefer not to” be involved in a violent practice such as this, is that those responsible for it be held accountable and that the horizon of terror be canceled and overcome. Indeed, the earth needs care. And when instead of caring for it, resources are dangerously wasted and abused, it is imperative that those who know and understand revolt –and what they must revolt against is the squandering and irresponsible elites, the sovereign discourse, whose authority, beyond all nice rhetoric, ultimately rests on the threat of military violence and police brutality.

#### In its drive to maintain global dominance, the sovereign is slipping – the traditional lies the dominant states tell the world are fading as displays of brutality become increasingly obvious.

Gulli 13 [Bruno Gullì (professor of history, philosophy, and political science at Kingsborough College in New York). “For the critique of sovereignty and violence.” 2013] AJ

I think that we have now an understanding of what the situation is: The sovereign everywhere, be it the political or financial elite, fakes the legitimacy on which its power and authority supposedly rest. In truth, they rest on violence and terror, or the threat thereof. This is an obvious and essential aspect of the singularity of the present crisis. In this sense, the singularity of the crisis lies in the fact that the struggle for dominance is at one and the same time impaired and made more brutal by the lack of hegemony. This is true in general, but it is perhaps particularly true with respect to the greatest power on earth, the United States, whose hegemony has diminished or vanished. It is a fortiori true of whatever is called ‘the West,’ of which the US has for about a century represented the vanguard. Lacking hegemony, the sheer drive for domination has to show its true face, its raw violence. The usual, traditional ideological justifications for dominance (such as bringing democracy and freedom here and there) have now become very weak because of the contempt that the dominant nations (the US and its most powerful allies) regularly show toward legality, morality, and humanity. Of course, the so-called rogue states, thriving on corruption, do not fare any better in this sense, but for them, when they act autonomously and against the dictates of ‘the West,’ the specter of punishment, in the form of retaliatory war or even indictment from the International Criminal Court, remains a clear limit, a possibility. Not so for the dominant nations: who will stop the United States from striking anywhere at will, or Israel from regularly massacring people in the Gaza Strip, or envious France from once again trying its luck in Africa? Yet, though still dominant, these nations are painfully aware of their structural, ontological and historical, weakness. All attempts at concealing that weakness (and the uncomfortable awareness of it) only heighten the brutality in the exertion of what remains of their dominance. Although they rely on a highly sophisticated military machine (the technology of drones is a clear instance of this) and on an equally sophisticated diplomacy, which has traditionally been and increasingly is an outpost for military operations and global policing (now excellently incarnated by Africom), they know that they have lost their hegemony.

‘Domination without hegemony’ is a phrase that Giovanni Arrighi uses in his study of the long twentieth century and his lineages of the twenty-first century (1994/2010 and 2007). Originating with Ranajit Guha (1992), the phrase captures the singularity of the global crisis, the terminal stage of sovereignty, in Arrighi’s “historical investigation of the present and of the future” (1994/2010: 221). It acquires particular meaning in the light of Arrighi’s notion of the bifurcation of financial and military power. Without getting into the question, treated by Arrighi, of the rise of China and East Asia, what I want to note is that for Arrighi, early in the twenty-first century, and certainly with the ill-advised and catastrophic war against Iraq, “the US belle époque came to an end and US world hegemony entered what in all likelihood is its terminal crisis.” He continues:

Although the United States remains by far the world’s most powerful state, its relationship to the rest of the world is now best described as one of ‘domination without hegemony’ (1994/2010: 384).

What can the US do next? Not much, short of brutal dominance. In the last few years, we have seen president Obama praising himself for the killing of Osama bin Laden. While that action was most likely unlawful, too (Noam Chomsky has often noted that bin which power as domination, with or without hegemony, is replaced by power as care – in other words, a poetic rather than military and financial shift.

#### Power as care solves through recognizing the possibility of existence. Difference is recognized and accepted as difference, rather than being considered problematic.

Gulli 13 [Bruno Gullì (professor of history, philosophy, and political science at Kingsborough College in New York). “For the critique of sovereignty and violence.” 2013] AJ

Power as care must be based on dignity. But what is dignity? This word must be explained because it is all too easily used, and as such it might be too vague. Precisely, dignity is the opposite of racism. I use the word racism in a very broad sense, understanding by it not simply the discrimination that takes place on account of a narrow category of race (i.e., of whatever is construed as race), but rather all discrimination that happens on account of difference when it is falsely understood that there is something – the norm, the same—which by definition is not different. The notion of difference then immediately acquires a negative connotation. Dignity is the reversal, a counter-movement to that. It is the motor of counter-violence. I think it is important to assign dignity an individuating power, and it is in this sense that I prefer to speak of dignity of individuation (Gulli 2010). This expression names difference as difference, outside of the decision of the same which turns it into a problematic difference rather than the one that it is. What does this mean concretely? A relevant example comes from Frantz Fanon who says: In other words, the black man should no longer be confronted by the dilemma, turn white or disappear; but he should be able to take cognizance of a possibility of existence (1967: 100; emphasis in the original). This is indeed a perfect example of what I mean by dignity of individuation, and it is in the phrase “a possibility of existence” that the notion of power as care is also understood. For what kind of existence is possible for the problematic difference, determined as difference by the gaze and discourse of the same? The answer is: No existence whatsoever, but rather a tormenting insistence in the false activity (thus truly a kind of passivity) of trying to ‘keep one’s place’ – something that Fanon does not advise. It is clear that dignity means to stand out. Standing out, and continuing to stand, enduring in it, requires power as well as care. It does not require guns and batons, missiles and drones. These are the tools of the weak and cowardly, of those who only equivocally belong, not simply in the human race, but in the truth of the fact of life, its fragility. Thus, the standing out of difference, its individuating dignity, is the unsovereign awareness of “a possibility of existence” – unsovereign because enmeshed in the impersonal fragility (yet in the potency) of life itself.

### Weiss

#### Rather than using the body as a space for action, we should create a space of possibility of possibility. Aff only reduces

Weiss [ANDREW WEISS. “MATTERS OF LIFE AND DEATH THROUGH AGAMBEN: FROM BARE LIFE TO FORMS-OF-LIFE.”Academia. No Date] AJ

A political order that attempts to do justice to forms-of-life can no longer specify merely the ‘body’ as the site of political action for some kind of management. Instead, it must cultivate a space for forms-of-life by nurturing lived possibilities while at the same time allowing the possibility of these possibilities. This cannot mean to cultivate a space for specific forms-of-life; this would involve a reduction to bare life simply to be managed for pre-determined ends, and would reinstate the problems from which we are attempting to escape. Rather, it means to allow a space and a future in which singular beings, yet to be defined, can comport themselves among their possibilities in robust forms-of-life.

## Disabilities Aff

### CFAP

#### Econ harms disproportionately affect workers with disabilities – normal living wage policies don’t cover them

Vallas 1/28 [Rebecca Vallas is the Director of Policy for the Poverty to Prosperity Program at the Center for American Progress. Shawn Fremstad is a Senior Fellow at the Center and a senior research associate at the Center for Economic and Policy Research. Lisa Ekman is the director of fed- eral policy at Health & Disability Advocates. “A Fair Shot for Workers with Disabilities.” Center for American Progress. 1/28/15] AJ

The poverty rate for working-age adults with disabilities is nearly three times higher than that of working-age adults without disabilities. In 2013, the poverty rate for people ages 18 to 59 with work-limiting disabilities was 34.5 percent compared with 12.2 percent for those in the same age group without disabilities.16 Large disparities persist when comparing part-time and full-time workers with and with- out disabilities. In 2013, 21.7 percent of part-time workers with disabilities were poor compared with 16.7 percent of part-time workers without disabilities.17 For full-time workers with disabilities, 8.9 percent had incomes at or below the poverty line in 2013, nearly twice the rate—5.2 percent—of full-time workers without disabilities.18 People with disabilities are also much more likely to be economically insecure. In 2013, 61.2 percent of working-age adults with disabilities had incomes below 200 percent of the federal poverty line compared with 28.8 percent of working-age adults without disabilities.19 And rates of economic insecurity are much higher for both part-time and full-time workers with disabilities than for their counterparts without disabilities: 47.1 percent of part-time workers with disabilities and 37.7 percent of full-time workers with disabilities had incomes below twice the poverty line in 2013, compared with 26.8 percent of part-time workers without disabilities and 18.7 percent of full-time workers without disabilities.20 Furthermore, recent research finds that half of all working-age adults who experience at least one year of poverty have a disability, and nearly two-thirds of those experienc- ing longer-term poverty have a disability.21 In addition to income poverty, people with disabilities are also nearly twice as likely to lack even modest precautionary savings in case of an unexpected expense or other financial shock. According to analysis by the National Disability Institute of the 2012 Financial Industry Regulatory Authority, or FINRA, National Financial Capability Study, fully 70 percent of individuals with disabilities reported that they certainly or probably could not come up with $2,000 to meet an unexpected expense, compared with 37 percent of individuals without disabilities.22 Individuals with disabilities are also much more likely to be unemployed. The Bureau of Labor Statistics, or BLS, put the unemployment rate for working-age individuals with disabilities at 12.4 percent in the third quarter of 2014—twice the rate of working- age individuals without disabilities.23 Additionally, the labor-force participation rate for working-age people with disabilities is substantially lower than for people without disabilities: In 2013, the rate was 31.1 percent for people with disabilities ages 25 to 64 compared with 81.3 percent for those without disabilities.24 Moreover, people with disabilities who are employed may earn less than their nondis- abled counterparts. Recent research by Michelle Yin and others documents a stark pay gap between disabled and nondisabled workers: For every dollar paid to workers with- out disabilities, those with disabilities earn just 63 cents on average.25 What’s more, people with disabilities are much more likely to experience material hardships—such as food insecurity; inability to pay rent, mortgage, and utilities; or not being able to afford needed medical care—than people without disabilities at the same income levels.26 Of working-age adults with incomes under 200 percent of the federal poverty line who experience material hardships, roughly half have a disability.27 Barriers to employment and economic security Workers with disabilities face elevated rates of unemployment and economic insecurity for a number of reasons. Despite the progress made through civil rights legislation such as the ADA, myths and stereotypes persist, and many employers remain reluctant to hire people with disabilities—a challenge not easily solved. Yet other barriers faced by people with disabilities can be more readily addressed through public policies. Added costs of living with a disability Living with a disability comes with additional, often significant costs, many of which may not be covered by health insurance.28 Expenses such as home modifications, personal atten- dant care, adaptive equipment for the home and car, assistive technology for communica- tion and other purposes, special clothing and shoes—which may also wear out faster due to braces or particular walking patterns—and food for special diets are but a few examples. A report released in 2014 by the U.S. Senate Committee on Health, Education, Labor and Pensions, or HELP—then chaired by Sen. Tom Harkin (D-IA)—documents how these additional costs can act as barriers to employment and economic security.29 For example, Toya, a woman in her 30s living with cerebral palsy who was interviewed for the report, describes needing to buy new shoes each month because of her walking pattern.30 Another woman with a physical disability talks about the need to purchase “special clothes because of my body distortions ... and lots of day-to-day adaptive equipment that insurance doesn’t cover.”31

#### Specific living wage solves

Vallas 1/28 [Rebecca Vallas is the Director of Policy for the Poverty to Prosperity Program at the Center for American Progress. Shawn Fremstad is a Senior Fellow at the Center and a senior research associate at the Center for Economic and Policy Research. Lisa Ekman is the director of fed- eral policy at Health & Disability Advocates. “A Fair Shot for Workers with Disabilities.” Center for American Progress. 1/28/15] AJ

Thus, to achieve the goal of supporting workers with disabilities in having a fair shot at gainful employment and economic security, policymakers must step back and take a much broader look at the policy landscape and how it affects workers with disabilities. The following are potential policy directions that policymakers should consider. • Raise the minimum wage: Raising the minimum wage to $10.10 per hour or higher would boost the incomes of many workers with disabilities, who are especially likely to work in low-wage jobs, and would help to reduce the disability pay gap.

#### Laundry list CP

While there are certain reforms that would make it easier for disabled workers who receive Disability Insurance to test their ability to return to work—such as simplify- ing the program’s work rules55—most Disability Insurance beneficiaries live with such significant disabilities and severe illnesses that substantial work is unlikely.56

Thus, to achieve the goal of supporting workers with disabilities in having a fair shot at gainful employment and economic security, policymakers must step back and take a much broader look at the policy landscape and how it affects workers with disabilities. The following are potential policy directions that policymakers should consider.

• Raise the minimum wage: Raising the minimum wage to $10.10 per hour or higher would boost the incomes of many workers with disabilities, who are especially likely to work in low-wage jobs, and would help to reduce the disability pay gap.

• Strengthen the Earned Income Tax Credit, or EITC: Boosting the EITC for work-

ers without dependent children, as called for in the previous CAP report “Harnessing the EITC and Other Tax Credits to Promote Financial Stability and Economic Mobility,”57 would benefit more than 1 million workers with disabilities, who are more likely to work in low-wage jobs and who are also less likely to have children.58

• Expand Medicaid: Expanding Medicaid—as 23 states continue to refuse to do— would make it possible for more low-income Americans to access preventive care and reduce financial strain for low-income individuals with disabilities.

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￼￼• Ensure paid leave and paid sick days: Ensuring paid leave—such as through the Family and Medical Insurance Leave Act, or FAMILY Act59—as well as paid sick days—as the Healthy Families Act would do60—would benefit both workers with disabilities and the 1 in 6 workers who care for family members with disabilities.61

• Improve access to long-term supports and services: Ensuring access to long-term services and supports for workers with disabilities through a national Medicaid buy-in program with generous income and asset limits would remove a major barrier for employed individuals with disabilities who are working their way out of poverty. An enhanced federal match could ensure that there are no additional costs to states. No person with high support needs should be required to remain poor in order to gain access to the services and supports they need in order to work.

• Institute a disabled worker tax credit: This idea, which has received bipartisan sup- port over the years, would enable workers with disabilities to offset the additional costs associated with their disabilities, thus reducing hardship and making it possible for them to work. The credit should be made refundable to ensure that low-income workers can access its benefits. Other important questions that need to be explored include which eligibility criteria to use and whether to structure it as a credit with a flat amount for all workers who qualify or to tie its value to verifiable costs.

• Adequately fund vocational rehabilitation: Adequate funding for the vocational rehabilitation system is needed to ensure that all eligible individuals are able to access vocational rehabilitation services when they need them.

• Create subsidized employment opportunities: A national subsidized jobs pro- gram—modeled after states’ successful strategies using Temporary Assistance for Needy Families Emergency Fund, or TANF EF, dollars in 2009 and 201062—is a policy solution with bipartisan appeal. As outlined in the forthcoming CAP report “A Subsidized Jobs Program for the 21st Century,” subsidized jobs, in which government reimburses employers for all or a portion of a worker’s wages, offer a targeted strategy to help unemployed workers—including persons with disabilities—enter or re-enter the labor force and bolster their credentials while alleviating hardship in the short term by providing immediate work-based income.63

• Leverage early intervention: President Obama’s FY 2015 budget outlined three potential approaches to early invention and called for a demonstration project to evaluate their effectiveness. These or other approaches should be piloted to provide an evidence base for what works in this area.64

• Create a partial or temporary disability program: The Social Security disability pro- grams are restricted to people with disabilities or illnesses severe enough to preclude substantial work for at least one year or expected to result in death.65 Policymakers should explore the idea of a complementary program, perhaps administered by the

￼￼U.S. Department of Labor, to provide people with disabilities or illnesses that do not rise to the level of eligibility for Social Security disability benefits with tempo- rary income support accompanied by supports and services to aid in remaining at or returning to work.

• Reform asset limits: The ABLE Act, which allows people with disabilities to open special saving accounts without risking their eligibility in a number of government income support programs, represents an important step in the right direction, but it only helps a narrow subset of people with disabilities.66 To remove barriers to sav- ings and ownership more broadly for workers with disabilities, Congress must take action to update SSI’s outdated asset limits, as the SSI Restoration Act would do.67 Additionally, myRA accounts—a new type of retirement savings accounts established in 201468—should be excluded from counting against asset limits in income support programs such as SSI and Medicaid.

• Ensure adequate affordable, accessible housing: Funding for public housing and the Section 8 housing voucher program should be substantially increased to meet

the needs of low-income people with disabilities. Additionally, policymakers should leverage federal and state funding sources to create and expand incentives for the inclusion of housing units for low-income people with disabilities, as well as compli- ance with accessibility standards, in new housing development and construction, such as through the Section 811 Housing for Persons with Disabilities program.69 Ensuring the availability of affordable, accessible housing would enable more people with disabilities to obtain safe and stable housing, secure steady employment, and live independently.

• Ensure adequate accessible transportation: Funding for Federal Transit Administration programs such as para-transit, the Section 5310 Transportation for Elderly Persons and Persons with Disabilities program,70 the United We Ride inter- agency initiative,71 and other vital transportation programs should be increased to enable more people with disabilities to enjoy basic mobility and take jobs that they currently cannot travel to and from without spending hours in transit.

## Chile

### Harms

#### Shit’s fucked

Hunziker 12/15 [ROBERT HUNZIKER. “Chile’s Plantation Economy.” C0unter Punch, 12/15/14. http://www.counterpunch.org/2014/12/15/chiles-plantation-economy/] AJ

The developed world is just crazy in love with the “miracle of Chile,” as expressed by Milton Friedman some years ago. The accolades are everywhere, ranked as a “high-income economy” by the World Bank. The country has the strongest sovereign bond rating in South America. It is a role model for neoliberalism. Neoliberalism is the Milton Friedman school of thought that the best government is the least government. After all, people can take care of themselves and make much more money when they are free to make decisions in a deregulated free marketplace. The operative formula is: Less government equals more profits for the private sector. As such, Chile represents the epitome of neoliberalism, and the likely future direction of America. The “miracle of Chile” is absolutely true, if you are already wealthy. However, once the curtain is pulled back, Chile’s complexities defy the blaring of trumpets for neoliberalism’s goddess of capitalism. Chile is a “plantation economy,” similar in many respects to the plantation economy in the U.S. South during the 19th century. At its peak, there were 4-5 million slaves owned by only 3.8% of the people. The slave owners bought slaves, housed them and fed them. Whereas today, in Chile, the moniker “slave” has been changed to “worker,” and rather than provide room and board like 19th century slave owners did, they now provide a stipend of $500 per month for the workers to provide their own room and board. Thus, removing the stigma of slave ownership. It is estimated that one-half of all Chileans make less than $500 per month. Thus, the slave market is rather sizeable, measurably more so than in the United States of America in 1850. Chile’s wealth is so top heavy in favor of so few that it resembles the Leaning Tower of Pisa, ready to topple at any moment. Conglomerates and/or extremely wealthy families own everything from pharmacies to logging to fishing rights to retail stores to minerals to grocery stores. It is a nation-state of concentrated ownership. The country is likely a snapshot of where America is headed in the years ahead, a pure corporate state. After all, the middle class is already under attack. The Brutal Truth about the Miracle of Chile According to the Organization for Economic Co-operation and Development (“OECD”), “Chile is the OECD country with the greatest difference between the rich and poor,” as well as the 4th poorest country of the 34 member states. “… Chile’s inequality is still among the highest in the world (its Gini coefficient is 52.1), and non-income dimensions of well-being, such as health and education, are also skewed in favor of the rich,” Tamar Manuelyan Atinc, et al, Can Education Reform Address Inequality and Middle Class Frustration? An Experiment in Chile,” Brookings, May 9, 2014. The Pinochet administration, 1973-90, set the tone for worker slavery by adopting Milton Friedman’s neoliberalism. Pinochet abolished worker unions. The “Chicago Boys” first course of action, after Allende, the deposed president who was killed (supposedly he committed suicide in the presidential palace) was to nose-dive the economy by manipulating the monetary tools, making it easy to undercut worker rights. Workers are always most vulnerable during recessions. According to Barbara Figueroa, president of the Chilean Confederation of Workers (“CUT”) workers have waited “for over 30 years” for labor reforms to take place following the right-wing dictatorship of General Augusto Pinochet, who implemented neoliberal reforms which decimated worker rights and regulations (Source: Chile Workers Push for Labor Reforms, Telesur TV, Sept. 4, 2014). According to Gonzalo Durán, an economist and researcher at Fundación Sol, a non-profit organization that focuses on labor issues, “…90 percent of working Chileans make less than 650,000 pesos per month, totaling USD 1,300.” In other words, “Nine out of ten workers in Chile make less than the average minimum salary in developed countries.” (Source: Council on Hemispheric Affairs). Yes, nine out of ten workers, aka: slaves, in Chile make less than the average minimum salary in developed countries. This leaves one out of ten that makes a living wage that removes them from the risk of slipping on a banana peel and falling into the pit of abject poverty. According to Emmanuelle Bazoret, University of Chile, “Mid-level income is very low in Chile,” Bazoret said. “As a result the distance between the lower classes and the middle class is very small. Their precarious economic position makes them susceptible to social decline due to unemployment, illness or poverty in old age,” Chile’s Middle Class Survives on Shaky Ground, Deutsche Welle, 2014. The middle class is defined as those who make more than $500 per month in Chile. Yet, all of the neoliberal data collectors of the world, like the World Bank and the IMF, boast about how rapidly Chile’s GDP per capita and income per capita, at $14,000, have zoomed upwards. However, upon closer inspection, pulling the curtain back, it is suggested that if the top 1% to 10% is removed from the income per capita data, which data itself is very, very suspect, this then leaves average income per capita in Chile at approximate $4000 rather than the $14,000, which is inclusive of the top 1% to 10%. Coincidentally, $4000 is very close to the minimum wage of $380 per month. Try supporting a family on $380/month! Twenty-one percent of Chileans live in poverty. López, Figueroa y Gutiérrez in 2013 analyzed the distribution of income in Chile but used the database from the Internal Tax Service. The authors observed: “Evidence exists that the measures of inequality that are actually available, which are based in household survey data, under-estimate the real concentration of income, ” Sarah Gammage, et al, Poverty, Inequality and Employment in Chile, International Labor Office, Geneva, Switzerland, 2014. “The study by de López, Figueroa y Gutiérrez (2013) confirms the analysis that the income distribution in Chile is greatly affected by the lack of information about the “super rich” in the CASEN household survey. The authors conclude that the richest 1 per cent of the income distribution is significantly underestimated using the CASEN,” Ibid. “…the evidence presented here underscores that income inequality has risen over the course of the 1990s and 2000s… only 22 per cent of workers hold what could be referred to as a high quality job,” Ibid. Only 22% of Chileans hold what could be referred to as a high quality job. This leaves 78% of the population holding low quality jobs, which is where slavery begins and ends. Yes, 78%. As a result, it is just short of remarkable that Chile is held in such high esteem by various agencies of the world, but on the other hand, who’s providing the numbers? Therefore, is the data provided to the “world” relevant at all?

### Protests

#### Students are protesting

Hunziker 12/15 [ROBERT HUNZIKER. “Chile’s Plantation Economy.” C0unter Punch, 12/15/14. http://www.counterpunch.org/2014/12/15/chiles-plantation-economy/] AJ

“Forty years after the coup headed by Gen. Augusto Pinochet, Chile remains a wounded, divided nation where the past lives in the present,” Enduring Rifts: Chile 40 Years After the Pinochet Coup, Pulitzer Center on Crisis Reporting, Nov. 11, 2013. The students in Chile have taken to the streets in protest of a privatized educational system that has priced them out of the school market. As well, their activities are likely the symptom of much deeper problems like severe inequality and lack of opportunity for upward mobility amidst the rows and rows of homes for the poor in townships hidden from the glistening streets of Santiago. “According to the NGO Un Techo Para Chile, shantytowns are settlements located in areas often occupied irregularly, where urbanization is limited or inexistent. The access to daily and basic needs such as drinkable water or sewer systems is dramatically limited. Access to quality health care and education are not readily available,” Women Lead in Chile’s Shantytowns, The Santiago Times, Dec. 12, 2009. According to Noam Titelman, president-elect of the Catholic University Student Federation (FEUC), the fuel that sparked Chile’s student movement was “the accumulation of inequality, injustice and hopelessness.” (Source: Council on Hemispheric Affairs). When a society fails its people, hopelessness ends up in the streets. Neoliberalism is an economy theory that works extremely well, if you are already rich; however, for the rest of society, the jury is still out. But, if Chile is the prime example of how neoliberalism works at its best, they should not hold their breath.

### A2 UBI CP

#### Cash transfers are the squo

Gammage 14 [Poverty, Inequality and Employment in Chile. Sarah Gammage (ILO Office Santiago de Chile), Thomás Alburquerque (Universidad de Chile, Santiago de Chile), and Gonzálo Durán (Fundacion SOL, Santiago de Chile). Conditions of Work and employment series no. 46, Copyright © International Labour Organization 2014] AJ

Since the return to democracy in 1990, poverty has declined consistently in response to economic growth and in combination with increased social spending which targeted lower income households (see Figure 6). Between 1990 and 2011, poverty declined from 38.6 per cent to 14.4 per cent and extreme poverty from 13 per cent to 2.8 per cent.5 This decline is thought to be associated with employment creation, rising real incomes from wages and salaries, a change in the minimum wage policy, and changes to the Labour Code, which contributed to strengthening worker rights. However, the role of labour markets and labour market institutions in securing the decline in poverty may be eclipsed by that of social policy. The development of a sophisticated system of transfers and subsidies, that was set in place and modified over the course of three democratic governments, successfully redistributed income to the lower end of the income distribution (Rau 2011). Indeed, around 40 per cent of the population depends on cash transfers and subsidies provided by the State to achieve incomes above poverty line (Sunkel and Infante, 2009). Moreover, when we calculate poverty rates using only autonomous income6 ex ante taxes and transfers, we find that 21 per cent of the population are living in poverty, a fact which highlights the significant role that transfers have had in reducing poverty.

### A2 Unemployment DA

#### No unemployment DA – Chile has automated policies that’ll kick in

Gammage 14 [Poverty, Inequality and Employment in Chile. Sarah Gammage (ILO Office Santiago de Chile), Thomás Alburquerque (Universidad de Chile, Santiago de Chile), and Gonzálo Durán (Fundacion SOL, Santiago de Chile). Conditions of Work and employment series no. 46, Copyright © International Labour Organization 2014] AJ

In August 2006, the structural rule was formally institutionalized through the The Fiscal Responsibility Law enabling directed counter-cyclical fiscal policy to continue to be used to mitigate downturns7. As part of this commitment, in 2006 Chile created a Contingency Program to Combat Unemployment with the explicit goal of reinforcing countercyclical policy. As Velásquez (2010: 1) observes: “This initiative links employment and fiscal policy, formalizing the decision to implement anticyclical employment policies, financed with general revenues, when the national labour market deteriorates, but it also operates when certain geographic areas experience significant increments in unemployment.”

The objective of this program is to finance activities that are labour intensive, and to provide incentives for hiring the unemployed, and for generating employment. Typically the program finances small infrastructure projects, road improvements, and municipal and state building repairs using locally hired workers who are unemployed at the time of hiring.8 Additional funds are channelled to these programs when the quarterly national rate of unemployment exceeds the average for the previous 5 years or when the unemployment rate is equal to or greater than 10 per cent of the labour force. The combination of the structural balance rule and these targeted programs to improve labour market outcomes and reduce unemployment proved particularly useful in confronting the recent financial crisis (Ffrench Davis 2010, Velásquez 2011). It is widely agreed that poverty would have increased at a greater rate, reaching a higher level in 2009 and 2010, had these programs and commitments not been in operation (Ffrench Davis 2010; Velásquez 2010, GPS 2010).

### Gammage 14

Gammage 14 [Poverty, Inequality and Employment in Chile. Sarah Gammage (ILO Office Santiago de Chile), Thomás Alburquerque (Universidad de Chile, Santiago de Chile), and Gonzálo Durán (Fundacion SOL, Santiago de Chile). Conditions of Work and employment series no. 46, Copyright © International Labour Organization 2014] AJ

#### To read – gender

Hutchinson (2001) - Hutchinson, E. Q. 2001 Labor appropriate to their sex. Gender, labor and politics in urban Chile 1900-1930. Duke University Press, Durham NC.

Tinsman (2002)

#### Poverty rising – wages are RC

The debate about inequality in Chile has been equally compelling. The evidence presented in various academic articles seems to support the view of José Gabriel Palma (2011:40) that “improvements in inequality have tended to be temporal, while deteriorations have tended to have more permanent effects”. Hojman (1996) analyses inequality between 1989 and 1992 and concludes that real income growth was greater for those households in the upper reaches of the income distribution than for those with below average household income. Contreras et al (2001) underscore that income inequality has declined marginally over the 1990s but that it remains high by international standards.2 López and Miller (2008) also reflect this analysis concluding that despite persistent economic growth and a mostly pro-poor structure of public expenditures, inequality has not declined significantly since the return to democracy. These authors emphasize that a key constraint to altering the income distribution is the low level of fiscal expenditures dictated by low tax revenues that have not permitted enough investment in human capital. They argue that the low quality of education and the consequently low returns to education in the labour market explain much of the inequality in Chile. Given that private education expenditures in the richest 15 per cent of the population are four times higher than in the public sector they believe that the large gap between public and private education tends to perpetuate inequality. Palma ́s polemical analysis of the distribution of income in Chile, over a longer period of time, emphasizes the role of growth and selective increases in the minimum wage in contributing to wage compression in the middle of the income distribution without significantly altering inequality. Palma stresses that as growth rates down tailed by the end of the 1990s, the combination of an unstable international economy and waning investment reduced any further distributional gains. He appeals to the “deadly triad of undervalued labour, overvalued exchange rates and ́sterilised ́ governments” (Palma 2011:47) as an explanation of why the distributional gains were so limited.

This paper attempts to respond to these analyses using data from the national household survey the CASEN and the National Employment Survey (ENE/NENE) to revisit the co-evolution of poverty and inequality over the last two decades in Chile, while placing a particular emphasis on the role of labour market institutions and policies. The paper begins with an analysis of the macroeconomic context and subsequently explores the data on poverty and inequality over time which demonstrates that although poverty has fallen consistently over time, inequality has indeed risen. Since the growth in real incomes is generated largely in the labour market, we explore the returns to education over time and highlight that with the investment in expanding educational opportunities, the returns to lower levels of education have declined over time for the majority of workers while the returns to holding a university degree have risen substantially. These trends appear to have contributed to widening income inequality in Chile. Subsequently, the paper examines the countervailing forces that mitigate wage and income inequality focusing specifically on labour market institutions and social spending – concluding that social spending may have played a greater role in reducing poverty than existing labour market institutions. Finally, we analyse the quality of employment in terms of whether the individual and the employer is actively contributing to social security and earns different levels of remuneration. The findings underscore that despite fairly robust growth, and real wage growth, the proportion of workers defined as having high quality, secure employment has changed very little over the last two decades. Most of the changes in employment quality have occurred in what is defined as medium quality employment—where employment with wages less than the average income of salaried workers who actively contribute to social security has risen by over 5 per cent. The paper concludes that the number of good jobs created has changed little over two decades—despite record growth rates and declines in poverty during this period. Moreover, we find that the countervailing forces and institutions that typically mitigate inequality and ensure a more equal distribution of wages and profits are particularly weak in Chile, explaining much of the inability to reduce income inequality over time.

#### Labor market is sex-segmented

Yet Chile’s growth can also be described as being largely “jobless” despite evidence of the labour market tightening at the end of the millennium. Employment growth has not kept up with population growth and there is evidence of a significant discouraged worker effect with many women, particularly those with less education and fewer skills, failing to re-enter the labour market once they have children. Unemployment has fluctuated over the two decades since the re-installation of democracy, reflecting trends in GDP growth and the impact of external shocks, such as the global financial crisis in 2009 (see Figure 2). What is noticeable throughout this period is that employment growth for women exceeds that for men in all but three years (see Figure 3).4 Despite the rise in women ́s participation rates and the growth of female employment, the labour market remains noticeably sex- segmented with the majority of women concentrated in services and wholesale and retail trade while men are distributed more equally across all sectors. Moreover, a higher proportion of men are salaried workers as compared with women. In 2011, 78 percent of the male labour force occupied salaried positions as compared with 66 per cent for women. Domestic service is almost exclusively female, absorbing 11.8 per cent of the female labour force in 2011 and only 0.6 per cent of the male labour force.

#### Reject their data – inequality is def rising

Despite the success in reducing poverty, concerns remain about the distribution of income, as inequality by several measures has not declined. The broad trends in two different indicators of income inequality (D10/D1, D5/D1 and D9/D1) reveal that it has actually risen over the period 1990-2011. Excluding the peak and subsequent decline in income inequality associated with the impact of the financial crisis in 2009, the overall trend is upward using these two measures. In 2011, the richest decile ́s autonomous income was 35,6 times the poorest one. This gap decreases somewhat when we consider the ratio of income earned in decile 9 to that of decile 1 which was to 14.2 times the income of the poor in 2011. The Gini coefficient, which is less sensitive to changes in income than the ratio of top to bottom deciles, does show some declines in inequality. For autonomous income, ex antes taxes and transfers, the Gini remained largely stable at about 0.57 throughout the 1990s and early 2000s declining to 0.54 in 2006, rising slightly in 2009 to 0.55 and falling again to 0.54 in 2011.9 The Gini for labour income is 0.58, for autonomous income it is 0.54 and ex post transfers the Gini coefficient drops to 0.52 in 2011. If we consider the Gini ex ante direct taxes on labour earnings it rises to 0.63 in 2011, indicating that the net effect of taxes and transfers is to reduce the Gini by 0.011 or 17.4 per cent, 7.9 per cent of which is attributable to labour taxes and 9.5 per cent to transfers.

López, Figueroa y Gutiérrez (2013) also analysed the distribution of income in Chile but use the data base from the Internal Tax Service. These authors observe: “evidence exists that the measures of inequality that are actually available, which are based in household survey data, under-estimate the real concentration of income.” This concern has set in motion waves of studies in other countries that use alternative information, generally from those agencies responsible for collecting taxes (Atkinson y Piketty 2007, 2010; Atkinson, Piketty y Saez 2011).

The study by de López, Figueroa y Gutiérrez (2013) confirms the analysis that the income distribution in Chile is greatly affected by the lack of information about the “super rich” in the CASEN household survey. The authors conclude that the richest 1 per cent of the income distribution is significantly underestimated using the CASEN. If the distribution of income is analysed using tax data the Gini increases by a further 6 percentage points – a finding similar to our analysis of income inequality when we add back in taxes on labour income and own account work. Echoing these findings, Palma (2011) observes that Chiles 10th decile ranked as having 124th largest share of income out of a sample of 135 countries.

#### Union power weak

Collective bargaining in Chile follows a distinctly Anglo-Saxon model, with significant levels of decentralization and fragmentation, where negotiation occurs at the level of the firm, but in contrast to similar cases such as in Japan for example, in Chile the coordination is particularly weak. Labour relations in Chile are governed by the Labour Code which has its origins in the 1979 reform under the military government. Although the Labour Code recognizes the rights of workers to organize, a number of restrictions were placed upon organizing. Collective bargaining occurs exclusively at the enterprise level. The right to strike was severely limited by procedural rules and a right to lock-out was granted to employers (Reinecke and Valenzuela 2011b; BCN 2012). Currently, two different types of collective bargaining co-exist: one with the right to strike, and the other without the right to strike. It is this last category that has grown during the last 20 years (to almost 31.4 per cent of the total of workers covered by collective bargaining). Furthermore, those who do have the right to strike can be replaced from the first day of the strike. As a result the power of unions and collective bargaining mechanisms has been greatly reduced. In this context, another phenomenon impedes organization: that of multiple tax identities for firms. Since collective bargaining occurs at the firm level and is not sector- wide, labour organizing can be particularly challenging. Some companies have multiple tax identification numbers and workers may rotate between these multiple tax identities which coincide with separate legal identities. As Reinecke and Valenzuela note (2011b: 197) “Many enterprises negotiate as one single enterprise with their providers and clients, but are fragmented into a multitude of different legal entities when dealing with their workers. This allows them to avoid bargaining at the level of the enterprise.” As a result, although workers may work for the same holding company or firm, their payslips indicate otherwise and organizing would require that they do so within these distinct tax identifications. These practices have certainly contributed to the erosion of union power in Chile.

Another trend, contributing to the gradual erosion of union power and collective bargaining is that of increasingly triangular work relations. Since 2010 the ENCLA, or New Labour Force Survey, permits measurement of these types of non-standard work relationships and reveals that the percentage of workers in this category has risen from 11.7 per cent in 2010, to a total of 17.5 per cent in 2012. These types of triangular relationships are visible in different forms of subcontracting, and in the growth of temporary work agencies and other private sector intermediaries. Traditionally, these types of labour relations are associated with poorer working conditions when comparing equivalent workers in direct employment (Durán, Kremerman y Paéz, 2012). It is possible, that some of the rise may reflect pro-cyclical dynamics in the labour market where individuals subject to subcontracting are shed more easily from their positions during a recession and rehired more easily in the recovery. Yet a number of researchers point to this growing phenomenon in Chile (Echeverria Tortello, 2010; Sehnbruch 2013). Moreover, a recent report from the Secretariat of the Presidency highlighted that between the first quarter of 2010 and august 2013 of the 826 thousand jobs created, 45.5 per cent were subcontracted to external firms or individual own-account workers (La Tercera 2013).

#### Bruh the aff is inherent I promise

The ratio of the minimum wage to average monthly wages has also risen slightly over the period 2001-2009 but subsequently appears to be turning downwards.13 The recent years (2010 and 2011) reveal a distinct decline in this ratio. Like most countries in Latin America, Chile has had a minimum wage since the mid-1930s. Since 1973, however, the statutory minimum was applicable to all dependent workers in both the private and public sector. The role of the statutory minimum is potentially very important in Chile since sector-wide collective bargaining was prohibited during the military dictatorship. With the resumption of democracy the minimum wage has been subject to periodic adjustment, ensuring a real increment each year. In 1999, Chile ratified ILO Convention 131 that, among other aspects, determines how minimum wages are set and mandates consultation with various social actors, including employer and union representatives. Since the early 1990s, the minimum wage was adjusted according to a tri-annual rule that fixed the increments in line with forecast inflation and productivity growth. This was intended to prevent wage increments from replicating past inflation and to tie the increments explicitly to productivity growth. Although the minimum wage was adjusted according to the predetermined rates, the majority of workers did not experience wage increments— resulting in an increasing concentration of workers around the level of the minimum wage (Infante, Marinakis y Velasco 2003). Between 1998 and 2004 minimum wage increments were somewhat greater than observed productivity increments (Marinakis and Velasco 2006) but this tendency appears to have reverted after the recent financial crisis.

#### Social spending is good but the key is quality of work

While part of social spending goes to benefits that are universal, a significant portion of social spending is targeted to the poorest and most vulnerable using a variety of instruments such as the social protection record. Individuals must seek assistance through their municipality and be interviewed and scored on a variety of dimensions that describe vulnerability to risks such as poverty, illness, incapacity and reflect their ownership of assets and receipt of income. Although there have been several attempts to undertake survey sweeps of the poorest municipalities or of particularly vulnerable groups (children, pregnant women, the aged) from 2007 through 2009, access to targeted welfare benefits is largely demand-driven: individuals must seek services out and be determined qualified to receive them.

The important role of social transfers that contribute to mitigating poverty and investing in human capital notwithstanding, concerns remain about the quality of employment generated over the period under study. The terms and conditions of employment vary greatly for different workers with different endowments of skills in different sectors and occupations. Despite a far-reaching social security reform, initiated in 2008 under the Bachelet government, that increased pension coverage and reinstated non- contributory pensions for workers and individuals who had not been able to access a pension under the existing private system, a significant proportion of workers still do not contribute to a pension (see Figure 17).

#### All about pension

The history of social protection in Chile has to be seen through the lens of the dictatorship and subsequent return to democracy. Chile has experienced more than three decades of pension reform. In 1981, the military government introduced a system of mandatory individual accounts for workers employed in the formal sector. This initial reform was designed to respond to the problems generated by a multiplicity of defined benefit PAYG plans with variable benefits and arbitrary differences across plans. Departing from the standards established in Convention 102, this reform abolished employer contributions. Under the reform, workers were required to place 10 per cent of their earnings into these accounts and to make additional payments for mandatory disability and survivors insurance and administrative costs. Retiring workers had the right to collect their pensions as inflation-indexed annuities purchase from insurance companies or draw down their accumulation with phased withdrawals. In parallel, the government organized a regulated market in which fund management companies (AFPs) compete to manage the funds. There were provisions for a subsidy for those who did not have sufficient contributions but who had contributed to the pension system for at least 20 years bringing their pension benefit up to a minimum guaranteed level. Additionally, there was a means-tested pension for the elderly poor financed from general revenue that came to about half the minimum pension guarantee. In both cases, benefits were low and the coverage incomplete (Barr and Diamond 2008). Moreover, the transition to this privatized system exacerbated existing gender inequalities in the receipt of benefits and did not resolve questions of coverage and adequacy of the benefits (Gillion and Bonilla 1992).

Chile set aside 5 per cent of GDP to cover the transition and pay existing pensions commitments under the old scheme. Yet despite having significant fiscal surpluses during the early years of the transition, the costs were high. Almost 23 years after the reform was implemented, direct government pension spending in 2004 was 5.5 per cent of GDP with official projections remaining at this level or higher (Barr and Diamond 2008:236). Furthermore, coverage was still inadequate with many workers coming to retirement age without the necessary contributions to ensure an individually funded pension or even the 240 months of contributions that would entitle them to a minimum guaranteed state pension. Those individuals at greatest risk were own account workers, agricultural workers, temporary workers and women.

The ILO played an active role in providing technical cooperation and support for the subsequent pension reform that was undertaken in 2008. In April 2004, the ILO organized an international seminar on the pension system in Chile in conjunction with the Ministry of Labour and Social Security and Fundación Chile 21. The seminar contributed significantly to an on-going discussion of the need for further pension reform in Chile. Representatives of the private sector, workers, employers and academicians participated actively in the debate. Key areas of concern were gender equity, fiscal sustainability and the administrative costs of the existing system (ILO 2008). From 2006 through 2008 the Marcel Commission was set in place to propose a way forward and make refinements and amendments to the existing system. The ILO was active in providing technical support to this and other Commissions brought into being under the Bachelet government (2006- 2010).

In January 2008 the Pension Reform law was enacted. This created a system of basic pensions that articulated with the existing system. There were three pillars to this new system: a solidarity pillar, a contributory pillar and a voluntary pillar. A separate set of reforms to the social protection system created a series of programs to address poverty and promote social inclusion under what is called Chile Solidario. One of the central features of the new system was the adoption of a basic pension of US$150 per month to be payable to all persons aged 65 and over regardless of their contributions. The basic pension is gradually withdrawn as the contributory pension income of the individual rises and as the total income from all sources of the household rises. Everyone is entitled to a basic pension if they are in the lower 60 per cent of the income distribution. There is also a basic pension for invalidity of about US$150 per month which was brought into being in July 2009. Additionally, there is a solidarity “top-up” pension that brings all pensions to approximately $560 per month for those whose total pension benefits are less than this amount. In recognition of the caring responsibilities of women and their contribution to the reproduction of the labour force, Chile instituted a pension bond for women for every child born that is paid into her individual account. Simultaneously, child care was made more easily available to facilitate women ́s participation in the labour market. The voluntary and obligatory individual accounts were also made more flexible and legal minimum contributions were reduced while at the same time amendments were made to existing laws to reduce administrative costs and to enable pensions ́ funds to exploit administrative economies of scale.

These reforms have undoubtedly improved coverage and reduced poverty. They have also addressed the need for greater intergenerational equity and gender equity. Moreover, they did not significantly change the total cost to the state of the existing system. The articulation of social protection and basic pensions has also proven to be essential for mitigating the costs of the economic and financial crisis and in order to respond to the demands of reconstruction in the wake of the recent earthquake in February 2010. Significant challenges remain, however, replacement rates are low, particularly for the middle class14, and there is an ongoing need to enforce the obligatory nature of contributions for the self-employed and domestic workers and ensure they are adequately covered (Délano 2010). But despite this, the new system appears to function extremely well and to have garnered significant support from contributors and beneficiaries alike. Effective coverage rates have risen from around 24 per cent of all individuals over the age of 65 in 2008 to 61 per cent in 2011.

#### Wages are uniquely key to income inequality – harms + bit of solvency

Despite success in consistently reducing poverty rates in Chile and in effecting social transfers to the lower end of the income distribution, the evidence presented here underscores that income inequality has risen over the course of the 1990s and 2000s. The returns in the labour market are particularly flat when we compare different levels of education and have declined over time for the majority of workers with completed middle school or less and basic education. The number of good jobs created has changed little over two decades—despite record growth rates and declines in poverty during this period. The countervailing forces and institutions that typically mitigate inequality and ensure a more equal distribution of wages and profits are particularly weak in Chile. Union density has fallen from earlier peaks in the 1970s and has also fallen consistently over the period under study. The role of the minimum wage is increasingly important in determining the wages of workers at the lower end of the income distribution and there is evidence of a significant lighthouse effect with a concentration of workers clustering around the minimum wage. Although there has been an effort to expand pension coverage and to promote formal employment, a substantial number of workers do not contribute to a pension or hold a contract. Moreover, the replacement rates are low for those who do receive a pension. The lack of pension contributions in combination with earnings data reveal that although job quality has improved somewhat over the period under study, only 22 per cent of workers hold what could be referred to as a high quality job.

### Infante 03

Infante 03 [Ricardo Infante, Andrés Marinakis, Jacobo Velasco. “Minimum wage in Chile: An example of the potential and limitations of this policy instrument.” EMPLOYMENT PAPER 2003/52. Employment Sector INTERNATIONAL LABOUR OFFICE GENEVA] AJ

#### Some MW doesn’t cover young people

A common exception in recent years to the application of the minimum wage has been among young people. On the one hand, there is the supposition that their productivity is less than that of older workers. On the other, it is important to facilitate their inclusion in the labour market as it is very usual to note that the rate of unemployment among young people is higher than that of other groups. In Uruguay, those younger than 18 years receive 75 per cent of the minimum wage; in Holland, there is an ascending scale which begins at 15 years and reaches 100 per cent at 23 years. Belgium, France, New Zealand, Norway, Portugal and Spain also have specific minimum wages for young people.

#### MW key to purchasing power

Another way to analyse the social aspects of the minimum wage is to observe what happens with the relationship between poor families’ income from work and the number of baskets of basic needs (poverty line) that can be purchased with this. In order to quantify this relationship, the data used were the average number of employed in poor families and the average family income from work for each year. This allowed computation of the total income through work of these families. This income was compared with the value of a basket of basic needs, looking at the quantity or proportion of the basket that poor families were able to buy with their total income from work (figure 2b).

The relationship indicated improved over the past decade, increasing from 0.41 baskets that poor families were able to purchase with their income from work in 1990 to 0.50 baskets in 2000 (figure 2b). It should be pointed out that this increase was basically due to the improvement in the real minimum wage, given that the number of employed in each poor family has remained practically stable throughout the decade. Moreover, the relationship between the net minimum salary and the average income of poor families is increasing: from 0.6 in 1990 to 0.9 in 2000. This shows the importance of the policy of a minimum wage in improving the purchasing power of the poorest families.

#### Here’s who it applies to

From the CASEN survey of 1998 onwards, it could be seen that a high percentage of low-income wage earners were concentrated in three occupational groups. These were unskilled workers, machine operators and salespersons. In 2000, workers in these groups continued to earn wages that were very low or near the minimum wage, and in larger numbers than those for 1998 (figure 12). For example, in 1998 one in every two unskilled workers earned up to 1.5 minimum wages, while in 2000, two in every three unskilled workers were in this situation. However, other occupational groups are increasingly present in the low-income range as they also approached the level of the minimum wage. Figure 13 shows that in 1998 one in every four wage earners with incomes of up to the minimum wage belonged to an occupational group other than the three mentioned (25.2 per cent). In 2000, this number had increased to one in every three (33.6 per cent). Similar occurrences took place at other low-income levels.

#### K2 young people

Young people may be characterised by low incomes and a precarious situation with regard to labour contracts. In this sense, the minimum wage is a very important reference for this group. In fact, the current minimum wage policy incorporates a lower level for young people aged 15-17 years (83,703 pesos as of July 2002, while adult workers would earn 111,200 pesos). However, this is a relatively small subgroup (approximately one-third of young people find themselves in the 15 to 19-years age bracket, i.e. some 20,000 people).

Taking the minimum wage for adults (which is a small overestimation for the 15-19-year subgroup), in non-agricultural sectors, 61 per cent of young wage earners receive incomes of up to 1.5 minimum wages (figure 14). It should be noted that this is the same percentage as in 1998. Therefore, the income situation of this group has not substantially worsened on a percentage basis.

#### No unemployment bruh

One way of analysing the capacity of enterprises to absorb increases in the minimum wage is to note the relationship between the minimum wage and average wages. For this the survey of wages generated by the INE since 1993 was used. The relationship was calculated for June each year, the month in which the adjustment is made and the month that represents the maximum value of each year, as well as the average of the 12 months of each minimum wage in force, i.e. June of one year to May of the following year.

First, the stability of the relationship between the minimum wage and the average wage should be noted, at between 33 per cent and 34 per cent for the 1993-97 period (figure 15). Following that period there was an increase in the relationship to 41.5 per cent in 2001. Then there was an abrupt increase in this relationship between 1998 and 2000, although between 2000 and 2001 it had stabilized. Therefore, the most recent increase in the minimum wage, carried out in June 2001, would have been in accordance with the general evolution in wages.

The relationship between the minimum wage and the wage of unskilled workers was considerably higher than the relationship between the minimum wage and the average general wage, and the gap between the two had widened in recent years. While between 1993 and 1997 the relationship between the minimum wage and the wage of unskilled workers hovered between 45 per cent and 47 per cent, in 2001 this was to be found at 59.9 per cent. In this case, the relationship of the minimum wage with wages of unskilled workers continued its upward trend as a result of the most recent adjustment, which indicates that this group of workers has difficulty in seeing their wages keep up with the increases in the minimum wage. The changes in the relationships between the minimum wage and the general average wage or the wages of unskilled workers can also be analysed through the correlation existing between these variables (table 1). For the 1993-97 period, there was a high correlation between the real minimum wage and the real general wage, with a correlation coefficient of 0.78, and between the real minimum wage and the real wage for unskilled workers (0.799). However, the correlation between these indicators has fallen in the past four years. For the 1998-2001 period, the relationship between the real minimum wage and the real general wage was 0.677, and that between the real minimum wage and the real wage of unskilled workers turned negative (-0.247).

This indicates that the real general wage has remained closely linked to the minimum wage over the entire period. However, the relationship between the real minimum wage and the real wage of unskilled workers has changed radically as a result of the marked increase of real minimum wages and the stagnation of the real wages of unskilled workers.

#### Plan would stimulate increased growth

Based on the figures for changes in real wages and on the number of wage earners, the variation in total wages can be estimated in real terms. Moreover, comparing the latter data with those for growth in GDP leads to an observation on the probable change in the participation of wage earners in national income for 1998-2001. In this respect, it is estimated that total wages decreased by 0.2 per cent annually, while income grew by 2.6 per cent annually for the period. This suggests that wage earners’ participation in national income contracted during the years under review. It should be pointed out that wage earners’ participation in national income was nearly 40 per cent in 1998.

Weak consumption and the evident loss of wage earners’ participation in national income are factors that lead to the belief that a large increase in the minimum wage might help stimulate the economy and reincorporate workers in the national income. In favour of the first point is the fact that the tendency of low-income wage earners to spend is very high and, as such, an increase in the minimum wage would tend to impact directly on consumption.

#### A2 employment DA – NOTE, AUTHOR CONCLUDES NEG

Short-term: Unemployment rate not affected by changes in the minimum wage

In 2001-02 (the second semester of 2001 to the first semester of 2002), the rate of growth for real wages was 1.7 per cent, for the real exchange rate 16.2 per cent, and for variations in GDP 2.9 per cent (Table 2). Finally, growth in the real minimum wage was 2.5 per cent, resulting from the increase in the minimum wage carried out in June 2001 and expected inflation for that period. The unemployment rate for 2002, with one quarter to complete the period for the current adjustment to the minimum wage, shows the average yearly unemployment rate to be similar to that of 2001, at around 9.5 per cent, provided that the adjustment to the real minimum wage does not exceed 6 per cent (a nominal increase of 9 per cent) (table 3). In order to estimate the impact of the current adjustment of the minimum wage in effect from 1 June 2002 on unemployment, the figures for the rate of growth of real wages were estimated at 1.8 per cent, for real exchange rates at 1 per cent and for GDP at 3.5 per cent. Four growth situations in the real minimum wage were used: zero (0 per cent), low (2 per cent), average (4 per cent) and high (6 per cent).

The estimates show that the unemployment rate for June 2002 to June 2003 would be less than the unemployment rate for the same 2001-02 period in all situations, independent of the increase in the minimum wage and would be around 9 per cent (table 3). However, it was estimated that there would be some elasticity in the relationship of unemployment to the real minimum wage of approximately zero, as a result of which the increase in the minimum wage would have no effect on unemployment for 2002-03.

#### A2 employment – Their studies don’t take into account causal relationships

It should be pointed out that the estimated effect of increases in the real minimum wage on the unemployment rate do not take the causal relationships of two factors into account. The first is the structural change caused by the increase in the real minimum wage with regard to productivity in the 1998-2001 period; this factor is not taken into consideration in the econometric model, which has been partially balanced and does not use productivity indicators, partic ularly as regards demand. The second is the nature of the supply model, which does not take into account how supply can react to changes in education and the female labour force.

### Solimano 9

Solimano 09 [Solimano, Andrés, CIGLOB (Centro Internacional de Globalizacion y Desarrollo), Santiago, (2009) : Three decades of neoliberal economics in Chile: Achievements, failures and dilemmas, Research paper / UNU-WIDER, No. 2009.37, ISBN 978-92-9230-208-5] AJ

#### Labor market key to growth/poverty

The workings of the labour market and labour relations policies in Chile have been also controversial topics. The fragile nature of many jobs and the reduced bargaining power of labour versus capital have biased the distribution of productivity gains towards company owners. In this context, large private sector associations along with orthodox economists (a very influential group in Chile) call for more labour market flexibility, understood as easier rules for firing workers. In contrast, labour unions are making demands for greater job protection and a rebalancing of labour-capital relations. Emerging labour conflicts in copper, salmon, fishery and other areas reflect the demands of a labour movement that over the years has been largely marginalized in a country becoming steadily more prosperous and open to globalization. New, modern, and more equitable labour relations are badly needed in Chile.

#### Chilean mining fucks the environment

The environmental and natural resource implications of the acceleration in economic growth and the rise in consumption levels of the last two decades deserve more attention and analysis. Two-thirds of Chilean exports, the main engine for growth, are composed of both non-renewable and renewable natural resources. In addition, the rapid expansion of consumption increases the stock of cars and transport vehicles, adding to emissions. Worrisome trends as identified in a recent OECD-ECLAC report on the state of the environment in Chile are the high intensity of energy output and consumption, the heavy use of water resources and soil, high exploitation of forestry, rapid extraction of sea products and aggressive mining extraction.

#### Foreign investment does nothing to affect growth – they just hoard the money

The growth dynamics of the last twenty years were not uniform across the subperiods (for a graphical picture of the evolution of the main macro and growth variables see Figures 2, 3 and 4). The differences within the period were considerable as the average GDP growth rate in the 1986-97 subperiod was almost double that of 1998-2007 (7.6 per cent per year in the first period and only 3.9 percent per year in the second period). Cyclical factors certainly affected this differential growth performance. In the second half of the 1980s the Chilean economy still had unused capacities as it was recovering from a major economic contraction earlier in the decade. In turn, the economy was affected after 1998 by the Asian and Russian crises of 1997-87 and growth remained sluggish for nearly five years after the onset of the crises. Economic growth has accelerated since 2004 but not in proportion to the sharp rise in copper prices. Chile seems to be a special case in which the strong term-of-trade boom has not translated into faster economic growth. This may be explained in part by a fiscal policy oriented to saving most of the terms-of-trade bonanza. In 2008, Chile had nearly 26 billion dollars, deposited abroad mostly in US banks as part of its economic and social stabilization fund. This is in addition to nearly 17 billion held by the central bank in international reserves.

#### A2 Mining investment DA – it’s shitty for growth anyways

Sir John Hicks, the famous British economist, maintains that sustainable real income is one in which future generations are not impaired by current savings and investment decisions. This is a relevant concept for evaluating the sustainability of Chilean growth, particularly due to its excessive reliance on natural resources (renewable and non- renewable), high intensity in energy use, productive concentration and environmental implications. Critical issues in this regard are the following:

i) Natural resource sustainability. It is estimated that around 70 per cent of Chilean exports (more than 35 per cent of GDP) rely on raw materials and processed renewable and non-renewable natural resources: copper, fruits, fishmeal, timber and others. For a country that has managed to grow at an average rate of around 6 per cent per year for more than two decades under this strategy, the pressures of this growth pattern can be significant on natural resources and the environment.

ii) Energy intensity of growth. A recent evaluation by the OECD jointly with ECLAC on the environmental and energy consequences of rapid growth in Chile warns that this process is having significant impacts on the energy intensity of Chilean consumption, and growth is above unity. It is indicative that the country is currently facing electricity shortages due to an excessive reliance on imported natural gas and a lack of diversification towards other sources of domestic energy, including clean sources of energy.7

iii) Environmental impacts of rapid growth. There are potentially serious consequences of the rapid growth process on the environment as highlighted in the OECD/ECLAC report. The effects are varied in nature and resources devoted to prevention and mitigation are still limited.8 Rapid growth in GDP and consumption has a direct effect on the environment because of substantial emissions, the high-intensity of energy output and consumption, use of water resources and soil, high exploitation of forestry, rapid extraction of sea products and aggressive mining extraction, as well as a sharp increase in the stock of cars and transport vehicles.

iv) Firm concentration. Exports, the main engine of growth, are largely concentrated in large firms. The direct share of exports by small- and medium- sized enterprises (SMEs) is very small (less than 3 per cent of total exports). This emphasis on the productive structure mirrors the concentration of incomes that characterizes the Chilean economy (see Table 2 and Solimano 2007).

v) Employment intensity of growth. Growth is envisaged as the main source of employment generation in Chile. However, given the importance of capital- intensive tradable sectors such as copper and other activities, the employment intensity of growth is not very high, with a medium term employment-growth elasticity of around 0.5.

During the last two-three decades, a strong policy consensus developed in Chile on the need to ensure macroeconomic stability for development. The country suffered the traumas of fiscal and inflationary crises in the 1970s and currency and financial collapse in the early 1980s that interrupted economic growth and created big surges in unemployment, declines in real wages and human welfare. The macro policies of the 1990s were gradualist on the anti-inflationary front, the exchange rate regime was ‘managed’ until 1999, fiscal policy was generally prudent but without an explicit fiscal rule (until 2000) and taxes to deter short-term capital inflows were used until 2000 when they were removed (a summary of these policies and their evolution in Table 4). In the 2000s macroeconomic policies included some innovation. A fiscal rule was introduced and the central bank established a more explicit a policy of ‘inflation targeting’ regime. Apparently the search for rules replaced discretion as the new conventional wisdom. Let us look at these policies in some more detail.

#### Inequality != growth

The Chilean experience of the last two decades illustrates the complexities and nuances of the relation between economic growth and social inequality. Contrary to the predictions of a negative relation between inequality and growth based on the modern theory of political economy (developed by Alesina and Rodrik 1994 and others), persistent inequality in Chile apparently did not harm growth (and was largely unaffected by growth itself) in the last 20 years (although the pace of poverty reduction could have been faster if inequality, for a given rate of growth of GDP, had been lower). However, this is not the only sign of a possible relation between growth and inequality: older theories of savings-driven growth15 predict that a certain concentration in income distribution is needed to boost national savings and finance growth. This suggests a positive relation between inequality and growth (this was part of Kaldor’s (1954) critique that capitalist growth and income concentration go hand in hand). In Chile, it is also apparent that the acceleration of economic growth per se has not led to a decline in inequality. That high and stable Gini coefficients coexist with relatively rapid growth is an empirical conundrum, and suggests that both variables (inequality and growth) behave independently from each other.16

#### Wealth distribution is significantly more unequal than meets the eye

Panels A and B of Figure 9 show the shares of income by deciles and ventiles (the distribution ordered by groups of 5 per cent). It is apparent from Figure 9 that inequality of incomes in Chile is mainly due to concentration at the top (the richest 10 and 5 per cent) rather than acute poverty at the bottom of the distribution. In turn, income distribution is relatively even (lower disparities of income) from the first to the ninth deciles. The main difference is in the income share of the top decile relative to the rest. The same point can be made by looking at Table 6 where the values of the Gini coefficients for the complete distribution (from deciles 1- 10) are significant higher than the Gini for the deciles 1-9 (and 10th). In fact, if the top decile is excluded from the overall distribution, the resulting inequality levels are not too different from those exhibited by the more egalitarian countries (a Gini below 0.4, see Table 5).17 Our measure of inequality focuses on income flows. However, wealth distribution is often much more concentrated than income distribution. Using data on wealth from a UNU-WIDER study on wealth distribution (Davis et al. 2006), it is apparent that the Gini coefficients for wealth are significantly higher than the Gini coefficients for income at the country level (see Solimano 2008).

An indicator of wealth concentration in Chile can be extracted from the Forbes Magazine publication that has collated information since 1982 on the wealth levels of the ‘super-rich’ (billionaires). As Table 7 shows, Chile, out of a total population of 16 million people, has four billionaires (individuals whose net worth is estimated to exceed one billion dollars). The estimated combined wealth of the four richest people in Chile is 12.5 per cent of the country’s GDP (estimated for 2008). As a reference point, the United States in 2007 had 406 billionaires (out of a population of 300 million) whose combined wealth amounted to around 10 per cent of the GDP of the US. Wealth concentration seems to be lower in the US than in Chile!

#### Causes of inequality

Why does inequality remain so high in Chile? Several explanations can be put forward to account for the level and persistency of inequality. These explanations combine the effect of globalization, wealth concentration, and lack of social mobility, labour market and political economy factors:

i) Skewed access to the opportunities opened by globalization and liberalization policies. Markets become larger with external opening and the scope for wealth creation expands, but these opportunities tend to be captured by individuals with tertiary education levels, with entrepreneurial drive and risk-taking attitudes in addition to good social connections and access to credit. As access to education in Chile is stratified by income levels, these gains tend to accrue more to high-income individuals. Entrepreneurship and risk-taking attitudes may be distributed more randomly across populations but access to enabling factors such as credit or social connections is, in any case, far from being uniformly distributed in society.

ii) There is a significant concentration of ownership in key sectors of the economy in Chile such as banking, manufacturing, retail trade, private pension managing companies (AFP) and private health providers (ISAPRES), pharmacies and other sectors with high rates of return for unit of invested capital (see Solimano 2007). This creates super-normal profits and contributes to income inequality.

iii) Strong differences in the quality of private and public school systems. There are large differences in the amount of resources per student of the public school system compared to private schools (a ratio of approximately one to four); as education is the main mechanism of upward social mobility, children of the working classes and the middle class generally attend lower quality public schools while the offspring of the upper-middle class and elites go to the better quality private schools. This difference between the two school systems creates a powerful mechanism of preserving social inequality in the Chilean society.

iv) Low level of worker unionization and limited bargaining power of the working classes reduce its capacity to appropriate a higher share of the productivity gains generated by a growing economy, a point underscored already by the famous David Ricardo. This also affects the labour share in national income.

v) An apparent low preference by the authorities for public policies oriented towards reducing income and wealth inequality. This was the case not only in the Pinochet regime but also during the democratic governments in power since 1990. During the later periods, social policies have focused more on poverty reduction and social protection than on the alleviation of inequality, failing to exploit the complementarities between the two set of policies.

#### Public services fail

In retrospect, the priorities of the social and labour policies of the democratic administrations are characterized by:

i) The lack of explicit and active policies oriented towards reducing income inequality and anti-trust policies for preventing a concentration of ownership and wealth in economic conglomerates in critical sectors of the economy;

ii) The lagged consideration of the middle class as a valid target of social policy, a trend partially redressed in the Lagos and Bachelet administrations through the expansion of health and social security benefits to this population group;

iii) An excessive emphasis on targeting that generated (often unintended) exclusions of social benefits for border-line individuals, including children;

iv) Underinvestment in public education, as reflected in the very significant difference in the level of spending per student between public and private schools;19 and

v) The absence of labour legislation oriented towards rebalancing the bargaining power of workers and employers that had been severely debilitated during the Pinochet regime.

The increased privatization of social services (schools, private health providers, private capitalization of pensions) that was started during the military regime and was continued with the advent of democracy created a highly segmented regime for access to health and education services. The private system serves the upper-middle classes and the rich (the only segments of the population that can afford to pay for privately provided social services), whereas the bulk of the middle class and the poor are in the public system with generally under-funded public schools and hospitals. Furthermore, the private social security system had some discriminatory rules against women and very stringent criteria applying to eligibility to minimum pensions. Some of these limitations have been addressed by the Lagos and Bachelet administrations; in fact, President Bachelet started talking of establishing a ‘state of social rights’ in Chile. This has shifted then to a state of social protection. The main concrete step in this direction is the recent reform of the social security system oriented towards improving minimum pensions, making its coverage universal, correcting inequities in the system against women, and other changes. Nevertheless, the new law preserves, virtually intact, the high-fee private capitalization pension system in which private companies administer the pensions of millions of people. The vulnerability of the system has become apparent with the financial crisis of 2008 which led to a decline in the value of pensions of various higher profitability-high risk portfolios of the pension plans.

#### Labor unionization low

The degree of labour unionization in Chile is very low. It started to decline during the military regime and the trend continued with the return of democracy. Before the 1973 military coup, the rate of unionization was over 20 per cent, declined to 16 per cent in 1992 and to 11 per cent in 2006. In addition, the per cent of workers subject to collective bargaining is currently around 8 per cent (Riesco 2008).

#### Poverty 🡪 crime, insecurity

A worrisome feature of urban life and social conditions that concerns all segments of Chile’s population, is the significant increase in urban violence, robbery and crime of the last 10-15 years. According to statistics, the number of people per 100,000 inhabitants reporting incidence of violence associated with assaults, robbery and stealing has increased by 124 per cent between 1990 and 2005 (Beyer and Vergara 2006).20 A detailed explanation for the rise in violence and robbery in this period is an important topic for future research.21 But some factors contributing to increased urban violence and crime can already be highlighted: a high incidence of unemployment among the youth, a segment often found to be engaged in robbery and crime, the fact that as the economy grows and prospers, expectations of economic advancement become more common among all population groups. However, in a country with high inequality and limited upward social mobility such as Chile, some people—particularly the unemployed or precariously employed, often young individuals coming from low- income or dysfunctional families—may feel that they share relatively little of the macro prosperity and therefore resort to crime especially in the affluent urban neighbourhoods, as Beyer and Vergara (2006) observe. Also they often come from weakly constituted or fragmented families. This latter factor in Beyer’s and Vergara’s statistical analysis is denoted by a variable showing the proportion of families in which the head of household are women; this variable, in turn, has a statistical significant effect on the rate of reported cases of crime and violence. Also the rate of urbanization has a positive effect on reported crime, confirming the presumption that this is mainly an urban phenomenon. The cost of undertaking a crime survey proxied by the number of arrests and time spent in jail as well as some anti-crime policies (the programme called Plan Cuadrante but apparently not for the Barrio Seguro) has a negative effect on the reported crime rates. In any case, social conditions such as fragility of employment, inequality and rising expectations along with increasing urbanization and insufficient police and judiciary systems may account for the expansion of crime in Chile.

#### Small firms produce 80% of unemployment – no big biz DA

In a turbulent international economy, economic and financial policies to maintain the credit flow, inflation under control, the stability of the banking system and economic growth at a reasonable level will be essential. In addition, anti-crisis policies will need to support small-scale firms because this sector generates nearly 80 per cent of the country’s employment, activate public programmes that are intensive in employment and provide social protection to the poor and the middle classes.

The Chilean model, with all its achievements, faces the limits of neoliberal economics for producing social equity and environmentally balanced development in unequal and highly stratified societies even when applied by social-democratic administrations subject to democratic scrutiny. The political economy correlate of a redefinition in development priorities may mean less power for the dominant elites (economic and political) and broader social participation for the middle class and the working people to support new and more equitable development priorities.

### Lopez 11

Lopez 11 [“Fiscal Policy in Chile: Promoting Faustian Growth?” Ramón López, Department of Agricultural and Resource Economics The University of Maryland, College Park. WP 11-01, May 12, 2011] AJ

#### Tax revenues can be invested for good stuff

The low tax revenues deprive the government of the financial resources needed to spend more on education, provision of technical skills, health care, and social security. This has restricted investments in human capital among the vast majority of the population that depends on the state to access education and health care, has restricted the scope of aid to the poor and the lower middle income classes, has forced ordinary citizens to either spend an enormous share of their income on education and health care in the private sector or to accept the substandard levels of these services provided by the state. The low volume of fiscal spending in these areas has been a factor causing the perpetuation of low skills and poor human capital of the labor force that in turn has become a binding constraint to the expansion of skilled-intensive activities other than the traditional resource-extractive ones. At the same time the under development of human capital has contributed to restrict the income growth of the poor and middle income classes.

#### But they’re not. ☹

2. The tax system is almost single-mindedly directed to provide large incentives to investments in physical capital, particularly for the most traditional resource-dependent and environmentally dirty industries. This is achieved by policies that allow for accelerated depreciation of capital for tax purposes, a myriad of tax deductions for investments, and other generous tax breaks for corporations.

#### Shit’s totally fucked

In summary, the income distribution analysis shows two things: first, the Concertación period appears to have been an incredible prosperous period for the super rich. Second, at about 17% and 9% of total income the shares of the richest 1% of the population and especially of the five billionaires, respectively, have reached levels that may be regarded as socially intolerable. In general, the picture emerging by merely including the five richest individuals makes the earlier analyses of distribution based on household surveys to appear quite trivial and over optimistic. Studying distribution by focusing only on household surveys information and neglecting the super rich amounts to ignoring the 800-pound gorilla sitting in our living room.

#### High corporate tax shields the link to corporate DA

Corporate income tax rates have also remained very low at 3.2% of GDP over the period 2004-06, which is higher than the 2% shares observed over the early nineties, but still implies a very low effective tax rate for corporations (Jorratt, 2009). Using the well accepted lower bound estimate for the share of capital in GDP of 50% (World Bank) this would yield an effective tax rate on profits equal to about 6.4%, well below the legal corporate rate of 17%.

#### Tax increases actually increase inequality

The after-tax income distribution in Chile is more unequal than the pre-tax one. This sets Chile apart from most OECD countries and even from several middle income Latin American countries. In fact, in most countries in the OECD the after-tax income gini coefficient is up to 15% lower than the pre-tax gini coefficient (Figure 3). By contrast, in Chile the opposite happens; the after-tax income gini is higher than the pre-tax one (Gomes-Sabaini, 2010). In several countries in Latin America taxes do make a contribution to reduce social inequality. In Argentina and Uruguay, for example, the after-tax income gini coefficient is significantly lower than the pre-tax one while in Mexico and Colombia is neutral. Among the large countries in Latin America only in Brazil and Chile the after-tax income distribution is worse than the pre-tax one (Gomez- Sabaini, 2010). Of course the fact that taxes in Chile exacerbate inequality should not be a surprise in view of the previous analyses which have shown the massive pro-rich biases of the tax system.

#### Poverty high – the official line is shitty

While spending in R&D and environmental protection has been extremely low, at least the emphasis on social spending has been remarkable. This emphasis in spending on social goods together with the relatively rapid pace of economic growth during most of the period has been important in halving the rate of measured poverty. However, still more than 15% of the population is below the poverty line and about 4% is considered under the extreme poverty line. More importantly, a much larger fraction of the population is above the poverty line but still highly vulnerable, just slightly above the (very low) official poverty line (López and Miller, 2008).

#### Chile spends comparatively little on social services

However, this picture radically changes when we consider social expenditures as a fraction of GDP instead of as a fraction of total government expenditures. Table 10 compares social spending as a share of GDP between Chile and countries of similar levels of development in Latin America, and the average spending in Latin America as a whole as well as the average for OECD countries for the period 2005-07. Total social spending in Chile at less than 12.4% of GDP was below the average for Latin America (14%) and well below levels prevailing in countries such as Argentina (21.5%), Brazil (23.7%) and Uruguay (20.7%). It was also much lower than the average for OECD countries. The discordance between social spending as shares of total public spending and as shares of GDP is of course the result of the fact that Chile’s total government expenditures as a proportion of GDP are much lower than most other countries of similar levels of development.

#### Mining sector has several biases besides wages – and they pay high wages anyways

The systematic biases of the tax system in favor of the traditional industries demonstrated in the previous sections has meant that these traditional industries have been able to enjoy an unfair advantage over emerging sectors in attracting the scarcely available qualified human resources. The fact that environmentally dirty and resource-dependent sectors do not pay for environmental damages and for the natural resources that they extract and given that they tend to capture most of the large tax breaks available, has given these sectors an unfair advantage that is reflected in the markets for the scarcest factors of production, high skills. While traditional industries are resource and physical capital- intensive they also use high skills, including scientists, engineers and highly qualified operators. The artificial incentives that traditional industries enjoy imply that the marginal values of the high skilled people employed in these industries is magnified allowing the firms to pay higher wages than what infant high technology industries can afford. This makes it more difficult for new knowledge-intensive sectors to emerge.

#### MNCs kill development

This same process is in part responsible for the retardation of the development of the most skill intensive of all sectors: The academic and scientific research institutions (the knowledge-generating sectors) which produce new knowledge using almost as their sole input scientific and technological skills. This sector has faced not only the same general shortage of highly trained personnel that the rest of the economy has suffered, but also has encountered serious difficulties in competing with traditional productive sectors to retain the top scientists and engineers required to develop and disseminate new scientific knowledge that ultimately lead to practical innovations. To make matters worse, the public academic and research centers which are the ones producing most of the scientific learning and dissemination have been subjected to chronic budgetary insufficiencies as part of the overall budgetary restrictions faced by the public education system. conditions may explain the relatively poor rankings of Chile in terms of development of new scientific patents and publications as shown by various international comparisons (Archibugi and Coco, 2003).

Thus, the traditional sectors are able to soak-up most of the little supply of technological and scientific skills available in the country leaving both the knowledge-intensive and knowledge-generating sectors at a highly disadvantageous position. This is one factor that explains the highly unbalanced patterns of growth of the Chilean economy that has been translated in an over grown physical capital and natural resource-intensive sector and underdeveloped knowledge-intensive and technology intensive service sectors.

Unbalanced growth and economic development

The unbalanced structure of production forces the economy to be ever more dependent on resource extraction and environmental degradation. Physical capital accumulation in these sectors is ultimately affected by diminishing marginal productivity as the scope for economies of scale is smaller than in knowledge-intensive industries. Moreover, the traditional sectors often cause negative inter-temporal resource spillovers (to the extent that a more intensive resource extraction leads to resource depletion affecting future production) and negative environmental externalities.

On the other hand government fiscal policy has contributed to smother the development of knowledge-based and knowledge-generating sectors. Unlike traditional resource and environment-dependent sectors, these under developed sectors produce positive spillovers on the rest of the economy and are often characterized by increasing returns to scale (Feldman, 1999; Fritsch and Franke, 2004). That is, the country foregoes the development of sectors that have the greatest potential for productivity growth and to induce innovation and that are often considered the prime engines of economic development. Of even greater consequence is the underdevelopment of the knowledge- generation sectors: this perpetuates the undersupply of scientific and technological skills and hence causes a vicious circle leading to a model of development that is ever more dependent on traditional resource-intensive industries.

### Wedenoja 13

Wedenoja 13 [Wedenoja, Leigh (Cornell University). "The Employment and Wage Effects of Minimum Wages in a Context of Informality and Non-Compliance: Evidence from Chile." (2013).] AJ

#### To read

Montenegro and Pags (2004)

Grau and Landerretche (2011)

#### None of their US evidence applies, and only my ev accounts for the informal sector

Wedenoja 13 [Wedenoja, Leigh (Cornell University). "The Employment and Wage Effects of Minimum Wages in a Context of Informality and Non-Compliance: Evidence from Chile." (2013).] AJ

The impact of minimum wages on actual wages and employment is a well-studied and con- tentious topic for labor economists. There is a substantial body of work estimating the wage and employment impacts for economies as a whole and various high risk sub-populations. Most of this work has been concentrated on the US and other developed nations and finds a negative effect of minimum wages on employment (Brown, 1999; Brown et al, 1982; Neumark and Wascher, 1992; Williams, 1993; and Card and Krueger, 1995.) Much less work has been done estimating the effects of minimum wages in developing and middle income countries. Minimum wages will likely have a different distributional and employment effect in these countries because they are often set as a higher proportion of the average wage, there are more un-covered sectors in the economy, minimum wages can vary by age and industry, and there is a higher degree of non-compliance with labor standards legislation.

In particular, there is a dearth of research on the impact of minimum wage legislation on job formality. Existing research on minimum wages and informality focuses on a legal infor- mal sector - industries or firms which are not legally subject to minimum wage legislation. Informal employment, by comparison, is an illegal work arrangement in which the worker does not hold a labor contract and may not be provided other mandatory work place benefits by the employer. This type of informal employment is very low in the US. Ashtenfelter and Smith (1979) found that compliance with the minimum wage in 1975 was only about 60% and 35% for teenage males1. Other recent work by Weil (2005) has focused on individual industries finding that only 46% of employers in the Los Angeles garment industry comply with statutory minimum wages. They find that compliance is likely low because employers face a low level of enforcement. The probability that they will be inspected and sanctioned for paying sub-minimum wages is low and the fines if they are found out are small. Weil (2005) found that the annual likelihood a firm in the US would be inspected by the wage and hour division of the Department of Labor is less than 10%.

US results are not likely to be externally valid to middle income countries because of the large informal sectors in many of these countries and higher levels of non-compliance. The evidence that does exist suggests that minimum wages will function differently. Maloney and Mendez (2004) find that, in general, minimum wages are more likely to be binding in Latin American countries than in the US because they are usually set at a higher proportion of the average wage. In the US, the minimum wage is around 35% of the average wage and in Latin America it can be as high as 80% (Venezuela) which makes full compliance nearly impossible. Maloney and Mendez’s findings also suggest that minimum wages are likely to have different effects depending on the wage dispersion within a country. Countries with high wage dispersion may have binding minimum wages even if the minimum wage is a small proportion of the average wage. In 1996, Brazil, Chile, Colombia, and Honduras all had minimum wages that were more than the wage at the 10th percentile of the wage distribution even though Chile’s minimum wage was only 34% of the mean and Honduras’s was 62% of the mean.

#### All previous studies are flawed – they don’t account for informal/formal sectors

I estimate the impact of minimum wages on the wage distribution and formality of employment in Chile. Although Chile is a middle-income country with a high average wage, it also has much higher levels of non-compliance with minimum wages and other labor standards than the US and a larger informal sector (Kanbur, Ronconi & Wedenoja, 2013). The evidence for Chile is sparse, and there is no study that differentiates between the informal and formal sectors in Chile. Montenegro and Pags (2004) use data from the capital city of Santiago from 1960-1998 and find that a 10% increase in the minimum wage decreases the probability of employment for men by 1.7% but that it appears to slightly increase employment for women. Grau and Landerretche (2011) use the Chilean National Employment survey to conclude that an increase in the minimum wage decreases the probability of employment and increases compensation. However, with their data it is impossible to distinguish formal and informal employment. Infante et al. (2003) use the CASEN survey data to conclude that minimum wages are not enforced in Chile due to an increase in non-compliance with labor standards after an increase in minimum wage. The study, however, is primarily descriptive and overlooks differences in compliance across formal and informal workers. None of the existing Chilean minimum wage literature deals with the important consequences of informal employment and estimates are, therefore, likely to shroud the mechanisms through with the minimum wage affects workers.

#### Nobody else has the relevant data – only my author accounts for this

A major barrier to studying the impact of labor laws on informal employment is that there is very little relevant data. Workforce surveys usually do not ask questions about contract- ing or other job characteristics, which would allow for identification of workers in informal employment, and administrative data does not contain records of informal employment. To overcome this problem I use a detailed nationally and regionally representative household survey, The National Socioeconomic Characterization Survey (CASEN), which allows me to identify whether workers are subject to the minimum wage based on their job characteristics, and whether they are in formal or informal employment as determined by their contractual status with their employer. The Chilean minimum wage is also changed every year, and it has been increasing in both nominal and real terms and increasing compared to the average wage.

#### Continues –

The main source of data on wages and employment is the CASEN (National Socioeconomic Characterization) household survey funded by the Chilean Social Development Agency and administered by the University of Chile. The survey is a repeated cross section that was administered between November and December (summer) every two years from 1990-2000 and every three years thereafter. The survey is intended to give a nationally representative snapshot of the country and to be comparable across waves. The sampling is representative at the regional and urban/rural level and weights are included based on the 1992 and 2002 census’s population projections.6 The survey includes modules on education, health, jobs and working conditions, and income. It is administered at the household level. Wages and minimum wages are adjusted to 2009 Chilean pesos using the CPI reported by the Chilean Central Bank. Most minimum wage and employment research in Chile uses the National Employment Survey and its yearly income supplement. Although that survey has higher frequency data, it does not make it possible to identify if workers are in formal or informal employment because they are not asked about their contractual status.

#### What is an informal worker, you may ask?

Chile requires that all workers have a labor contract with their employer that is signed by both parties (Chilean Ministry of Labor). Seasonal workers, temporary workers, and piece-rate workers are required to have a contract as well. The work contract functions as basic proof of employment, much like tax forms in the US. It does not necessarily provide workers with a long term promise of employment or special status. I characterize a worker as informal if she reports that she works as an employee (rather than employer or self-employed person) and reports that she does not have a signed labor contract. This definition of the informality is derived from the definition of the ILO, often used in the literature, which defines the informal sector as one where labor relations are characterized by “casual employment, kinship or personal and social relations rather than contractual arrangements with formal guarantees.”4 It is also similar to the definition used by Lemos (2009) for Brazil. Figure 2 shows how the fraction of workers in informal and formal employment has changed over time. It also shows the change over time of the fraction of workers in the uncovered sector.5

#### Here are the results – prefer kernel density estimates

I use two econometric methods to assess the impact of minimum wages on the wage distri- bution. Assessing the impact of minimum wages on actual wages is econometrically difficult because the minimum wages set by governments are likely to be in response to changes in the average wage. It is difficult to distinguish whether an increase in the minimum wage causes an increase in the average wage or whether it is merely responding to that increase. In order to address this identification problem I use non-parametric kernel density estimates and semi-parametric quantile regression. These methods allow me to disentangle the effect of minimum wages on different parts of the wage distribution. The minimum wage should dis- proportionately affect workers at the bottom of the distribution. If minimum wages actually bring up the wages of workers at the bottom of the distribution, there should be bunching around the minimum wage and the minimum wage should have relatively greater effects for workers at the bottom of the wage distribution.

Figure 4 plots the kernel density estimates for the lower end of the wage distribution for workers in the formal, informal, domestic, and self employed sectors of the economy for the years 1998 and 2000. The vertical line in each plot corresponds to the 2000 real hourly minimum wage. In the formal sector there is clear evidence of wage compression at the minimum wage as would be expected from a binding minimum which increases the wages of low wage workers. The plot also shows that this wage compression is not perfect, and there is some evidence of non-compliance within the formal sector. Results for the informal sector are more ambiguous. There is more non-compliance in informal employment but there is still some wage compression and bunching at the minimum wage, although not nearly to the extent of the formal sector. To help eliminate the possibility that this bunching is driven by another factor I include kernel density estimates for domestic workers and the self employed. There is no evidence of wage compression for self-employed workers or domestic workers which is to be expected because they are not subject to the minimum wage. This helps rule out alternative explanations for bunching around the minimum. Figure 5 plots the the kernel density wage estimates for the formal sector and Figure 6 plots them for the informal sector for all waves of the survey. There is a consistent compression effect of the minimum wage in the formal sector and higher non-compliance in the informal sector.8

It should not be a surprise that there is higher non-compliance with the minimum wage in the informal sector; for a worker to be categorized as informal in the context of this paper, the employing firm must already be non-compliant with one core labor standard, the labor contract law. Overall non-compliance with labor standards is low in Chile compared to the rest of Latin America but high compared to the US. Table 3 provides some basic descriptive statistics on other forms of non-compliance with labor law in Chile. In Table 3a the fraction of workers paid below the minimum wage ranges from 10% in 2009 to 21% in 2006. The fraction with a contract (formal employment) is highest in 1992 at 86% and lowest in 1998 at 80%. The extent of non-compliance also varies by industry with agriculture as the least compliant industry. Enforcement is low in Chile and has increased only slightly overtime. Figure 7 shows the change in the level of inspections over time and the composition of those inspections. For a detailed analysis of labor standards violations in Chile see Kanbur et. al. (2013).

#### Quantile regression

The kernel density plots are convincing evidence that minimum wages cause wage compres- sion in the formal sector and to a lesser degree in the informal sector. However, more detailed and precise estimates of the distributional impacts of minimum wages are necessary to arrive at policy relevant and economically interesting conclusions. To this end, I use conditional quantile regression to estimate the effect of the minimum wage on the entire wage distribu- tion, specifically on each decile. In the context of minimum wages there are two problems with identification in mean regression, the first is that mean regression obscures the fact that minimum wages should only have an effect on populations for whom the minimum wage is binding so the average effect of a minimum wage is only meaningful for a population for whom the minimum is likely to bind. Rather than restrict my sample to likely minimum wage earners, I estimate the effect for the entire distribution. Identification of a wage effect using mean regression also requires a credible story for why minimum wage legislation should drive changes in the average wage and not the other way around. Examples of this strategy include exploiting differences in state minimum wages or a new minimum wage in a previ- ously un-covered sector. This is impossible in the case of Chile because the minimum wage is national and since before 1990 has had completely covered employees. If minimum wages are binding and raise wages (independent of other forces that would influence wages) then the estimates for the effect of minimum wages at the bottom quantiles should be higher than the upper quantiles. In other words, there should be an additional effect of the minimum wage itself rather than whatever factors in the labor market led to the choice of the level of the minimum wage.

Table 4 contains estimates of the coefficients of the deciles of the conditional wage distri- bution for workers in formal employment. The results are consistent with a binding minimum wage that raises wages for low wage workers in the formal sector. The coefficients have a clear downward trend in all specifications as the decile increases. In other words, the minimum wage has a larger impact on low wage workers than on high wage workers which results in the bunching seen in the kernel density estimates. Excluding the base specification, in which the only regressor is the minimum wage, the results are robust to the inclusion of industry and region fixed effects in addition to the standard worker characteristics: age, age-squared, years of education, and a dummy for female. The downward trend is even more clear in Figures 8 and 9. In Figure 8 the quantile regression coefficients are plotted against quantiles and in Figure 9 they are plotted against the quantile value.9

These results are inconsistent with those of Infante et al. (2003) which find, using the same data that the minimum wage is not enforced. My results show that although compliance is imperfect, there is clear evidence of a positive wage effect of the minimum wage at the bottom of the wage distribution for formal sector workers.

#### A2 employment DA - My evidence is god

The employment effect of interest is the effect of minimum wage legislation on the type of employment rather than the level of employment. I use a multinomial logit model. The advantage of the multinomial logit, rather than a traditional logit or other binary model, which would estimate the impact of the minimum wage on the probability of employment, is that I can estimate the impact of the minimum wage on type of employment relative to a base category (or set of categories). I limit the sample to workers who report that they are in the labor force and break them into four categories: unemployed, formally employed, informally employed, and employed in any other sector. Results for the “other” category are somewhat difficult to interpret. This category includes potentially less desirable work such as domestic service and certain types of self-employment, however, it also includes workers who report the job of boss or owner. The impact of minimum wages on the probability of employment in the informal sector relative to the formal sector, and unemployment relative to the formal sector are the quantities of interest.

Table 8 contains the main employment results with formal as the omitted sector. Across all specifications, a higher minimum wage is associated with an increase in the probability that a worker is in the informal sector compared to the formal sector and an increase in the probability that she is unemployed compared to in the formal sector. The minimum wage variable in this case is not the log of the real hourly minimum wage, rather it is the real hourly minimum wage in 50 CLP which is about 0.10USD. The marginal effects and elasticities are taken at the mean, however the average marginal effects are almost identical. Columns 1 and 2 contain estimates for all workers in the labor force. A 10% increase in the minimum wage is associated with an 8.5% increase in the probability that a worker is unemployed compared to all employment categories, a 6% increase in the probability that she is in the informal sector, and a 1% decrease in the probability of employment in the formal sector. These results are robust to the inclusion of region fixed effects.

Columns 3 and 4 of Table 8 include industry fixed effects in addition to worker char- acteristics and regional fixed effects. Since unemployed workers do not report an industry, that category is omitted from the analysis. Despite this data concern, the results are robust. The 6% increase in the probability of informal employment remains and the signs for other employment and formal employment remain the same. However, the point estimates are cut in half. In all specifications, an increase in the minimum wage has a positive impact on probability of employment in the informal sector and a negative impact on the formal sector.

#### Positive effect on wage distribution

The estimates above for both the minimum wage impact on the wage distribution and employment type that treat the formal and informal sectors as a single covered sector are largely consistent with predictions for a single labor market with non-compliance. There is direct evidence of non-compliance in both Table 3 and the kernel density plots, consistent with a single sector with non-compliance. There is also a positive impact of the minimum wage on the wage distribution, with a much larger impact at the low end of the wage distribution and an increase in the probability of unemployment. In a world of imperfect enforcement and non-compliance (non-compliant single-sector), employers may pay their workers less than the minimum wage, in some cases. Predictions of employment effects under non-compliance are mixed. Chang and Ehrlich (1985) and others (Chang, 1992; Yaniv, 1994 and 2001) predict a negative employment effect of the minimum wage, even with non- compliance, because the risk of being caught and punished increases the marginal cost of

labor. In Chile, if an employer is caught violating the minimum wage it faces both a fine and is required to make up the difference to workers. Let w∗ be the pre-minimum wage equilibrium wage and marginal benefit of a worker and wm be the minimum wage, and assume with w∗ < wm. If p is the probability of labor inspection then the marginal cost of a worker increases to w∗ + p(wm − w∗ + x) with an imperfectly enforced minimum wage. As long as there is a positive probability that an employer will be caught, the marginal cost of a worker will be higher than the pre-minimum wage equilibrium wage. In this version of the non-compliant single-sector model, there would be a weakly positive effect on wages and a negative effect on employment.

In contrast, Yaniv (2004 and 2006) allows non-compliance to affect the equilibrium wage rate. In this case, wages will fall for workers in sub-minimum wage employment in order to compensate for the probability of a fine. Let w′ be the post-minimum wage equilibrium. The new equilibrium wage is characterized by w∗ = w′ + p(wm − w′ + x) If the minimum wage is high enough relative to the original equilibrium wage, wages will fall in order to maintain full employment. This theory predicts no employment effect from the minimum wage but a negative wage effect for sub-minimum-wage workers.

However, those standard results hide the difference between formal and informal employ- ment. While wages have a positive effect in both sectors, the effects are larger in the formal sector at the low end of the distribution than in the informal sector. Most importantly, the probability of formal employment decreases with an increase in the minimum wage but the probability of informal employment increases. This sectoral shift is obscured by only testing predictions from single-sector models.

#### It’s binding and enforced

In this paper I expand estimates of the impact of minimum wages to Chile and find sub- stantial evidence of the importance of two-sector models incorporating both a formal and informal sector in measuring minimum wage impacts. When the covered sector is treated as a single sector, estimates do not accurately reflect the dynamics of minimum wage impacts on employment and the wage distribution. While the results do not fully support any par- ticular two sector model, I find substantially more evidence for WGM in Chile than is found in other literature. While minimum wages do not have a negative wage effect in the informal sector, they have a smaller wage effect than in the formal sector, and that difference changes throughout the wage distribution. I do find that the WGM model is more consistent with the employment effects than either a single-sector model or the lighthouse model as an increase in minimum wages shifts the probability of employment from the formal to informal sector. In contrast to previous research, I also find evidence that the minimum wage is binding and enforced, though not completely, for formally employed workers.

These results shed light on the importance of incorporating an informal sector into min- imum wage analysis in Chile, and potentially elsewhere in Latin America, and any country in which informal employment plays an important economic role. Informal sector jobs are lower quality than formal sector jobs and are much less likely to provide pensions and other benefits.

## Kenya

### Pollin 9

#### Goes neg – scratch it

#### Traditional theories of labor flexibility don’t apply in the case of Kenya – their neolib based ideas are flawed

The second part of the paper is focused on policy questions flowing from the data. Under the era of global neoliberalism, a central tenet was that enhancing “labor

market flexibility” was the most effective means of expanding employment opportunities. The idea first developed in the context of OECD economies, where it was held that labor market “rigidities”—including strong social protections for working people and significant strength for trade unions—were the primary cause of the persistence of high unemployment in the region. The idea was then integrated into the overall IMF-World Bank policy approach for developing countries. According to this approach, economic policies in developing countries such as Kenya should focus on delivering a low inflation rate and minimal government regulations governing trade flows, financial market transactions, and labor relations. Specifically as regards employment policies, this approach held that with a flexible labor market, wages could be set at equilibrium levels, which in turn would produce maximum employment opportunities.

Global neoliberalism may well have reached its point of exhaustion by now, in the aftermath of the 2008 Wall Street collapse and subsequent global recession. But its central arguments, as regards labor market policies as well as other areas, need to be dissected as carefully as possible, in order to both understand how such a point of exhaustion may have been reached, and, more importantly, to understand what alternative policy approaches are now viable.

I thus review the IMF-World Bank type arguments in light of the labor market conditions we observe in Kenya. As we will see, it is clear that conditions for working people in Kenya are, for the most part, extremely hard, with most employed people living around or below the government’s official poverty line. However, I show that the social protections available to workers in Kenya—that is, minimum wage laws, union presence and other “rigidities”—are not responsible for this situation. Moreover, weakening or eliminating these social protections will only worsen conditions for workers and their families, and more generally spread poverty throughout the country.

#### Data is biased against unemployment despite the fact that many who are unemployed have low quality jobs that still lead to poverty

Of the 13.5 million people participating in Kenya’s labor force, as we can see, 12.1 million are counted as employed and 1.4 million are openly unemployed.3 Thus, the open unemployment rate is 10.5 percent.

It is important to emphasize immediately two points about this unemployment rate figure. The first concerns the usefulness of the open unemployment statistics themselves. Open unemployment rates are widely cited, in Kenya and elsewhere, as the best-known indicator of the relative robustness or weakness in any given labor market. The 10.5 percent open unemployment rate for Kenya in 2005-06 does indeed convey some useful information. At the same time, it is not nearly adequate as a measure of the overall employment situation in Kenya, just as it would not be in other countries.

This is because the open unemployment rate figure does not take into account underemployment, or more importantly, poverty-level employment—that is, people who are employed but are still bringing home low incomes. This could result from some combination of two factors: 1) receiving very low hourly income from employment or 2) being employed involuntarily for a low number of hours.

#### The average worker in Kenya earns poverty wages

In other words, excluding those in the agricultural self-employed category, we see that being employed in Kenya up to 39 hours per week itself provides no clear benefit to a working person as a means of living above the poverty line. It is true that among the labor force participants working 40 hours or more per week, the percentage living in poverty does go down, to 46.1 percent. Still, this percentage remains very high. It means

that, even among workers employed 40 hours or more per week, nearly 50 percent of them live in poverty, based on the official consumption poverty line.

This poverty figure for those working 40 hours or more per week is especially important since a large majority of Kenyans do work 40 hours or more per week. More specifically, as we see in Panel B of Table 4, there are a total of almost 4.3 million labor force participants outside of the agricultural self-employed. Of that total, 2.8 million, or roughly 65 percent, are working 40 hours or more per week.

This means, in turn, that even though the chances of living in poverty in Kenya do go down somewhat if one works 40 hours or more per week, it is still the case that the overwhelming proportion of labor force participants in Kenya who live in poverty are also working 40 hours or more per week. In fact, as we see from Panel C of Table 4, 55 percent of all labor force participants who live in poverty are also working over 40 hours per week. Only 18 percent of labor force participants living in poverty are actually unemployed.

Considering these data overall, a key message emerges. It is that the most serious problem facing Kenyans in the labor market today is not unemployment per se or even low hours per se. It is that, even among those Kenyans (apart from the agricultural self- employed) who are working long hours—i.e. 40 hours or more—the chances are very high that one will be living in poverty. This conclusion applies to working people in both rural and urban areas.

#### Wage cuts would fuck everything

In sum, the net effect of the wage-cutting scenario—including all the workers receiving either wage cuts or wage increases and the additional people who live off of these workers’ incomes--would be as follows:

1. Nearly 1.7 million Kenyans would see their living standard fall sharply. This would include both the 770,000 workers and the roughly 900,000 additional people who live off of the wages of these workers5. These 1.7 million people would see their income levels fall, on average, to between ten percent and 23 percent below their respective urban or regional poverty lines; and

2. About 400,000 Kenyans would experience a large increase in income. As above, this would include both the 190,000 workers newly hired into higher- paying formal sector jobs and the roughly 210,000 people who live off of the income of these workers. 6 Despite these people enjoying rising incomes, they would, on average, also still be living between ten and 23 percent below their respective urban or regional poverty lines.

There is another consideration here in terms of net welfare effects. The fact that somewhere in the range of 1.7 million Kenyans will have to see a sharp decline in their living standards will of course generate social unrest. This, in turn will create an unstable atmosphere for private investors. The decline in private investment will in turn lead to a job contraction. In short, the positive employment effects that might result from a decrease in wages and living standards will be undermined by the destabilizing effects of cutting living standards.

Note, finally, that even if private formal employment could be expanded by 25 percent through wage cuts of over 40 percent, the total level of private formal employment would remain less than one million people. That is, at the current size of the Kenyan labor force, this large of a wage cut in the private formal sector would still, by itself, mean that private formal employment would remain at less than seven percent of the total Kenyan work force. Wage cuts would have to be substantially larger still for the private formal sector to grow to employing more than ten percent of the total Kenyan workforce.

#### Market rigidity low now

From these four columns of figures, it is clear that Kenya ranks very low in terms of the rigidity of employment conditions, at least as perceived by the country’s business owners and managers. Considering the overall “rigidity of employment index,” Kenya’s index number of 24 places it substantially below the averages both for sub-Saharan Africa, at 56, and Latin America and the Caribbean, at 44. As we see in the last column of Panel A, Kenya is also well below the averages for these two regions in terms of firing costs.

This clear finding from Panel A—that Kenya has less rigid labor market conditions than the averages for sub-Saharan Africa and Latin America—becomes less evident in considering the findings from Panels B and C of Table 6. Here we see that, compared with other sub-Saharan African countries, Kenya ranks relatively high in terms of hiring and firing procedures as significant obstacles to conducting business and “development” more generally. In other words, these findings seem to conflict with the figures in Panel A,, even though both sets of figures are taken from the same World Bank research paper by Alby et al.

It is not clear from the Alby et al. paper itself whether the data provided in Panels A-C all come from the same survey of business owners and managers. If they are in fact coming from different surveys, this could explain at least part of the discrepancy in the rankings on Kenya relative to other countries. But even if all these data come from the same survey, it is possible that the disparities in responses result from differences in how particular questions were worded.

In any case, if we focus only on the results we report in Panels B and C, the findings still do not support a conclusion that labor market rigidities in Kenya operate as significant barriers to employment expansion. Thus, even the figures where Kenya comes out least favorably—that is, in the findings on number of firms citing layoffs and labor market regulations as significant obstacles—we still see only 21-22 percent of business owners citing this as a problem. This means that close to 80 percent of firm owners/managers do not see labor market regulations as a significant problem. In the case of hiring procedures, as we see in Panel B, again more business owners/managers in Kenya see this as a problem than their counterparts in other sub-Saharan African countries. But still, only about five percent see the hiring procedures as a problem—in other words, about 95 percent of owners and managers do not see hiring procedures as a problem.

Considering the overall weight of evidence presented by the Alby et al. study, and evaluating these findings in light of the propensity for some upward bias that is inherent in surveying business owners and managers on these questions, it is reasonable to conclude that most business representatives in Kenya consider labor market regulations around hiring, firing, and hours to be relatively minor barriers to expansion, if they are barriers at all. There is clearly a subset of managers that consider these regulations to be a significant problem. But those business owners who feel that way represent a small minority of all business owners/managers operating in Kenya’s formal sector.

#### A2 Unions

The World Bank’s Concept Note suggests that labor unions may be operating as a significant source of labor market rigidities in Kenya. But the evidence suggests that, as with the regulations on hiring, firing, and hours, this is unlikely to be a significant barrier to the expansion of decent employment. If for no other reason, this is because unions represent a small and diminishing portion of Kenya’s labor force. In Table 7, we report figures from the same 2005 World Bank study by Alby et al. As we see there, union membership in Kenya fell from 700,000 in 1985 to 436,036 in 2000, a decline of 38 percent. As we also see in the table, the decline in union membership in Kenya corresponds with a pattern for other sub-Saharan African countries over roughly the same period.

#### More a2 unions

More generally, a careful 2005 econometric study by Manda, Bigsten and Mwabu, observes as follows:

The trade unions’ main aim is to improve the welfare of its members by negotiating higher earnings for its members, better conditions of service, and increasing job tenure. To achieve these objectives, unions need a strong financial base and bargaining power. However, in Kenya, unions are generally financially weak and are occasionally faced with internal leadership struggles. Their main source of finance is membership fees, which are not high enough to sustain drawn-out strikes. Also, their ability to strike is limited by control of union activities by the government through legislation, and by threat of de-registration...Unions can still influence the level of earnings and working conditions of their members through collective bargaining, although the unions sometimes lack resources to hire negotiators with skills and abilities to match the full-time negotiators of the employers (2005, page 1693).

Manda et al. conclude from their econometric analysis that unions in Kenya do help formal sector workers obtain a wage premium in addition to getting protection from excessively long hours of work and from arbitrary job loss. At the same time, they find that elite-level workers in Kenya do not join unions, and thus, the gains generated by unions are received primarily by less-skilled production level workers.

We should also add that, as a general matter, it isn’t necessarily the case that relatively high rates of unionization should necessarily serve as a barrier to expanding decent employment opportunities in Kenya or, more generally, to promoting the country’s overall economic progress. Indeed, in 1995, the World Bank’s own World Development Report noted that it is “possible to identify the conditions and policies under which free trade unions can advance rather than impede development.” Following up on this, a more recent World Bank publication of 2002, Unions and Collective Bargaining, recognized that “high unionization rates lead to lower inequality of earnings and can improve economic performance in the form of lower unemployment and inflation, higher productivity and speedier adjustment to shocks”8 (Freeman 2005, page 134).

## Sri Lanka Apparel

### Prasanna 06

Prasanna 06 [R.P.I.R. Prasanna and B.Gowthaman. “SECTOR SPECIFIC LIVING WAGE FOR SRI LANKAN APPAREL INDUSTRY WORKERS.” Prepared for ALaRM (Apparel Industry Labour Rights Movement), 2006] AJ

#### Solvency advocate + harms

Prasanna 06 [R.P.I.R. Prasanna and B.Gowthaman. “SECTOR SPECIFIC LIVING WAGE FOR SRI LANKAN APPAREL INDUSTRY WORKERS.” Prepared for ALaRM (Apparel Industry Labour Rights Movement), 2006] AJ

The 275,000 Sri Lankan garment workers, mostly women, are talented and educated. They are quick learners and have obtained recognition for producing high quality and complex products. As the cost of living spirals up and as the country is nudging into being a lower middle income country these workers deserve a wage that takes into consideration their contribution to the industry and helps them live with dignity. As the industry stakes its claim for a guilt-free label, for it to be taken seriously it has to match its claim with meaningful action. It is in this back drop that ALaRM is presenting this case for a sector specific living wage for Sri Lankan apparel industry workers.

#### Spec method

In the absence of clear cut guidelines on how to calculate a sector specific living wage, a number of methods and formulae have been utilised. The table11 at the end of this section gives a list of different methods that have been used, a brief description and an example each of a real-life ‘living wage’ currently being implemented. The working papers prepared for the conference on ‘Global Labour Standards and Living Wages’ held in 2002 which dealt with theoretical and conceptual issues related to defining and measuring living wage was also most useful in helping think through the various methodological options.

In the end what is adopted in this draft is a modified Cost of Basic Needs (CBN) method, which is in part similar to the one used by Sri Lanka Department of Census and Statistics (DCS) in calculating the country’s poverty levels. It can be expressed as follows:

Option A:

Living Wage =

Average household size x Adjusted cost of basic needs/person/Average number of income receivers per house hold

+ (Income x Savings Multiplier)

Option B

Living wage =

(Adjusted cost of basic needs) + (Income X Savings Multiplier for savings + EPF + durables) + (a

Constant for embedding the worker in the family unit + hidden cost)

Like the DCS we too chose an ‘absolute’ measurement method with a ‘nutrient anchor’. The close methodological affinity will greatly facilitate regular updating of the derived living wage using DCS price indices. The method though, was modified to suit the task at hand. It was a four step process as follows

Step1: Selectionofrecommendednutrientanchorspecificforapparelsectorwomen workers and determining a food consumption bundle based on the food consumption pattern of the workers. Identifying a reference group that straddles this level of consumption and calculating the cost of consuming the bundle given the average prices these workers face separately in Free Trade Zones (FTZ) and Outside Free Trade Zones (OFTZ)

Step 2: Identifying the average per-capita non-food expenditure of the reference group and adjusting them so as to ensure a dignified living.

Step 3: Incorporating a component for savings and durables using a multiplier determined based on actual behaviour

Step 4: Embedding the individual in the family context and accounting for the hidden cost by adding a constant (and alternatively discussing another method of calculating this component too).

#### Best data collection method

From the outset we decided to use data collected through a Local Area Survey. It was chosen as it was the most suitable approach to

a) assess the standard of living of a particular type of demography, in this case apparel workers,

b) it provided the space to tailor ones sampling strategies and survey questions based on need and pilot experience,

c) it can easily control for differences between general population and reference group and

d) there was no other macro/aggregate data set which provided us with the possibility of isolating the information with respect to women workers in the apparel sector.

#### Nutritional anchor in calculation prevents endogeneity and preserves well-being of workers

One methodological problem which we need to highlight at the outset is the endogeneity inherent in trying to develop a living wage based on expenditure patterns which themselves were strongly conditioned by the existing wages. Though the effect cannot be completely eliminated we propose to address it by bringing in a nutritional anchor that is independent of the current wages and also make adjustments in critical areas like housing where we could obtain some external information. We have been careful in recognising that the corrent preference revealed by expenditure behaviour may not be the preferred choice if the budget constraint was relaxed, ie if the income changed.

Secondly, by taking the calorie level which is the minimum required for nutritional wellbeing of the target group and developing a reference group straddling that consumption level, we may be hugging the minimum threshold and not necessarily providing for a decent standard of living. Given that the nutritional level recommended itself is closer13 to the poverty line, referencing that to select expenditure levels would tend to have a downward bias. Again though this cannot be eliminated, we make certain adjustments (in step 3) to address this situation.

#### Indexing to inflation is key

By considering the prevailing inflation rate in the country, government sector workers’ wages has increased annually to prevent erosion of real wage rates. But, a corresponding wage increase has not been implemented for the apparel sector. Despite the increasing inflation rate in the country, a sufficient salary increment has not been offered to maintain the real wage of apparel sector workers. During the last five years, the average salary increment has been Rs, 462 per year for the apparel sector.24 Based on these figures, real wages have only marginally increased in comparison to salary increments. Workers are unable to afford basic necessities and find it increasingly hard to enjoy even a basic standard of living in the face of spiralling cost of living.

#### Higher wages increase job satisfaction

Apparel sector workers experience low levels of job satisfaction due to a number of reasons. Results show that 56 percent of workers are unwilling to continue their jobs in future – a chief reason for this being low salary levels. 56.35% workers are willing to continue their jobs in the apparel sector only due to a lack of viable alternatives. 90% of workers are not satisfied with their present salary scale yet a majority of them are compelled to continue working due to the following reasons: Table No. 28 Reasons for continuing the job ￼ Reasons ￼ No. of Respondents ￼ ￼ % ￼ Lack of alternatives ￼ ￼ 142 ￼ ￼ ￼ 56.35 ￼ ￼ Due to the financial difficulties in the family 21 8.33 ￼ To fulfil the personal needs ￼ 6 ￼ ￼ 2.38 ￼ To plan the future ￼ ￼ 20 ￼ ￼ ￼ 7.94 ￼ ￼ To continue the education 1 0.40 ￼ Other ￼ 62 ￼ ￼ 24.60 ￼ Total ￼ ￼ 252 ￼ ￼ ￼ 100.00

### Biyanwila 10

#### Patriarchy impx

Biyanwila 10 [S. Janaka Biyanwila (The University of New South Wales, Sociology). The Labour Movement in the Global South: Trade Unions in Sri Lanka. Routledge, Oct 18, 2010] AJ

Women face new dynamics of patriarchy in the zone, even with their relative freedom from patriarchy at home and village communities. These young women, fresh to wage work, are now engaging with patriarchal relations in the factory, the surrounding community and the urban commercial milieu. Their entry into the working classes contradicts and contests patriarchal middle-class images of "femininity" and "respectability". In maintaining class and gender hierarchies, a range of cultural codes portrays them as "disrespectable", as sexual objects, particularly as "prostitutes" (Abeysekera 1997; Hewamanne 2003; Lynch 2007). The sexuality of women workers has become the site on which morality and tradition are debated. These debates about "our innocent girls" remain centred around the "moral status of the nation" and the rural vote and other priorities rather than improving the status of factory women (Lynch 2007).

#### Harms ev

Biyanwila 10 [S. Janaka Biyanwila (The University of New South Wales, Sociology). The Labour Movement in the Global South: Trade Unions in Sri Lanka. Routledge, Oct 18, 2010] AJ

The factories in Sri Lanka have no dormitory within the factory premises, unlike some factories in the Chinese FTZs. Most workers (50% to 84%) live in poorly constructed "boarding houses" set up by local villagers (FES 1997; ICFTU 2004). While there are a handful of organised hostels operated by Christian organisations and the government, a majority of workers are compelled to utilise boarding facilities provided by residents around the zone (Rosa 1994). The organised boarding facilities, with capacities for between 30 and 100 people, are often underused owing to a lack of proper access to water and sanitation, strict rules and control over workers' freedom, such as restrictions on visitors. In the absence of state social provisioning, such as housing, transport, health services and so on, the spread of private service providers extract a large portion of workers' wages (Prasanna and Gowtham 2006). For the workers, the main living costs include food, medical expenses, clothing and jewellery (Prasanna and Gowtham 2006). Expenditure on food weighs heavily on workers in boarding houses. Medical expenses are often linked with work-related health issues, insufficient nutrition and dependence on private medical clinics given the restricted access to the public hospitals. With saving money a priority, lowering food expenses means keeping to a basic minimum, limiting nutritional intake and adding to the susceptibility to diseases (Hanifa 1995; Siano 1997; Amarasinghe 2008). In the early 1980s, a food cooperative initiated by a Catholic centre provided some temporary relief for workers against the marked-up prices of local merchants (Rosa 1994: 92). In 2008, a study commissioned by the National Institute of Occupational Safety and Health discovered that the prevalence of anemia among factory workers at the largest FTZ in Katunayake in 2007 was directly related to inadequate housing (Amarasinghe 2008). In most boarding houses there are no basic amenities. Some boarding houses have neither ventilation nor adequate space; some have no electricity and many have no running water. Often women share a room with 10 to 12 others, having to live, cook their meals and sleep in one cramped room. Some of these boarding house structures are described as "insecure sheds, like chicken-coops" (FES 1997: 39). Workers are often exposed to various toxic fumes as they cook in cramped spaces with poor ventilation. The time demands of work and the pressure of cooking space directly affect the type and variety of dietary intake (Women's Centre 1993; Siano 1997; Amarasinghe 2008). Although there are minimum health facilities provided by some factories and the zone's "Free Trade Zone Medical Centre", most of the workers use private medical clinics that have expanded into the area.

### Nira 12

#### Unions/a2 Cap K

Nira 12 [Book Review of Biyanwila, Sumithra Janaka: The Labour Movement in the Global South. Trade Unions in Sri Lanka. HistLit 2012-1-072 / Nira Wickramasinghe] AJ

In Sri Lanka workers’ political activity and trade union politics have been viewed by the state as disruptive activities rather than as a form of political participation that is intrin- sic to democratic politics. This has prevented the emergence of unified labor movements in Sri Lanka as in other Asian countries. What this study attempts to demonstrate is that the contradictions of globalization that include the state’s withdrawal from social welfare ser- vices have created the conditions for organi- zing along many common grounds. This re- sonates with what Karl Polanyi in The Great Transformation 5 famously calls the ‘double movement’ that has shaped the development of market societies over the past two hundred years through which political movements re- spond to the developments in the economy and market. The first movement – expansi- on of the market and consequently the rol- ling back of the state – gave opportunity to

the second movement for regulating the ill ef- fects of the former. What we think of as mar- ket societies or „capitalism“ is the product of both of these movements. The question re- mains however whether economic globaliza- tion can spawn conditions for labor resistance on a global scale or whether we are witnes- sing instead ‘situated modes of labor control and politics’?6

This book contributes to forging an ans- wer that is tentative yet empathic and hope- ful. The richness of the data as well as the lo- gical and theoretically informed analysis ren- ders the book invaluable for scholars and ac- tivists looking for a comprehensive summa- ry of trade union history in Sri Lanka and a compelling story of the potential power of the multitude in controlled spaces.

#### Neolib produces racial/gender struggles

Nira 12 [Book Review of Biyanwila, Sumithra Janaka: The Labour Movement in the Global South. Trade Unions in Sri Lanka. HistLit 2012-1-072 / Nira Wickramasinghe] AJ

Much has been written on economic globa- lization and the flow of transnational capital across the globe that has resulted in the rolling back of welfare oriented states. In particular the mobility of capital, a phase of internatio- nalization of production and work that began well over thirty years ago has spawned a huge literature, albeit general critiques of neolibe- ralism have rarely taken into account the spe- cificities of countries of the South confronting a deregulated market.3 Biyanwila demonstra- tes convincingly the complicities between the spread of neoliberalism, increasing authorita- rianism of the state and a controlled labor for- ce. Sri Lanka’s economy moved from a peri- od of closed economy in 1956-75 to a period of open economy after the victory of the pro- market United National Party in 1977. Biyan- wila engages deftly with this existing body of knowledge and usefully draws our attention

to the impact of global production chains in the transformation of labor in a country such as Sri Lanka where in the last decades one has witnessed both a casualisation and feminiza- tion of labor.

In a multi-ethnic and multi-religious island where the majority is constituted by Sinhale- se who are predominantly Buddhist, Biyan- wila argues, culling selectively from Marxist scholarship on ethnic conflict in Sri Lanka, that under neo-liberal globalization class inju- stices are mediated through ethno-nationalist projects reproducing ethnic and gender hier- archies. He pertinently asks why unions beha- ve in different ways, some adopting universa- list and feminist tendencies, others adopting a movement orientation, yet others contentious collective action.

### Miller 09 – global

Miller 09 [DOUG MILLER (University of Northumbria, UK) and PETER WILLIAMS (Labour Rights Consultant, UK). What Price a Living Wage? Implementation Issues in the Quest for Decent Wages in the Global Apparel Sector, Global Social Policy 2009. http://www.sagepub.co.uk/journalsPermissions.nav 1468-0181 vol. 9(1): pp 99–125] AJ

#### No LW hurts business – strikes, low productivity,

The living wage issue is a crucial test of the ability of multinationals’ and voluntary multi-stakeholders’ initiatives, such as the ETI, to effect improvements in international supply chain working conditions. Most certainly, all the signs point to this as an issue that needs to be urgently addressed, not least because of the very low level at which the minimum wage is set in many developing coun- tries. Early in 2006 workers in a number of foreign owned export companies in Vietnam engaged in a series of wildcat strikes to achieve an increase in a minimum wage, which had not been revisited since 1999.3 In Cambodia – held up as a model for social compliance through the ILO sponsored ‘Better Factories Programme’ (Miller et al., 2007; Wells, 2006), 181,556 days were lost between January and May 2006 with pay featuring as a central issue. Then, through much of the sum- mer of 2006, apparel workers in Bangladesh took to the streets to demand an increase of a minimum wage – last set in 1994 at Tk600 per month (£7.00) and insufficient to even feed one person – to Tk3000. The revised minimum wage of Tk1662 (£12), which came into force in 2006 is well below the Tk4800 estimated as a living wage, indeed it is worth less in real terms than in 1994 (Labour Behind the Label, 2007). In Sri Lanka, the trade unions have petitioned the government and threatened industrial action for an increase in the minimum wage to bring private sector wages to LKR11,730 per month (US$117.30) on a par with public sector, from their level of less than LKR5000 to compensate for an increasing cost of living. A living wage in Sri Lankan Free Trade Zones is estimated to be LKR12,504 (Prasanna and Gowthaman, 2006: 16).

#### Low increase in prices

Miller 09 [DOUG MILLER (University of Northumbria, UK) and PETER WILLIAMS (Labour Rights Consultant, UK). What Price a Living Wage? Implementation Issues in the Quest for Decent Wages in the Global Apparel Sector, Global Social Policy 2009. http://www.sagepub.co.uk/journalsPermissions.nav 1468-0181 vol. 9(1): pp 99–125] AJ

In an illuminating piece of research undertaken by Locke and Romis (2006: 32) and appended to the Nike CSR report for FY 2005–6, two Nike supplier facto- ries in Mexico were compared for, among other things, unit labour costs for sim- ilar T-shirts manufactured under cellular and line based systems. The results are shown in Table 1 below and although a full unit labour cost would, of course, have to incorporate all labour costs – not just assembly – which go into the completion of an inspected and packaged garment ready for despatch, what is clear from these calculations is just how fractionally sewing is valued as in input for any given gar- ment in a multinational retailer or brand’s supply chain. For example, in the Dominican Republic, labour input is calculated by work study at between 5.7 cents/minute and 10 cents per minute (Traub-Werner, 2007).6 In the case of full package manufacturers (where the supplier undertakes to source the fabric and trim as well as carry out CMT), their earnings scope is severely limited by buyers who are well aware of the price of fabric and trim so that the only way in which any leeway can be achieved is in the negotiation of the unit labour cost for specific garments (Traub-Werner, 2007: 2) It is of course this wage elasticity which has driven the ‘race to the bottom’ in the sector, and both anecdotally and officially,7 in terms of reported instances of excessive and forced overtime, it is clear that existing unit labour prices are being abandoned by suppliers anxious to secure a deal (Traub-Werner, 2007). ‘Full package’ jeans might have an FOB from the Dominican Republic of between US$6 (basic) and US$12, where the labour and finishing cost (including for example stonewash- ing and or embroidery) is priced at approx US$2. Significantly there has been heavy downward pressure from some retailers and brands on their FOB price with manufacturers reporting a halving of the assembly price within 8 years (Traub-Werner, 2007). Consequently the all too familiar scenario prevails, as reported by the National Labour Committee, in a Honduran Maquila manu- facturing sweatshirts for the US market,8 where 11–12 hour shifts were manda- tory with no overtime pay, and machinists earned less than one-half of 1% of the retail price of branded sweatshirts and workers could be suspended for 3 days for failing to reach their production target. We would argue that addressing a living wage requires attention to the unit labour cost, since there is general consensus on all sides of the industry that an increase of unit labour cost by an amount proportional to what is locally deemed to be a living wage would only marginally impact on the retail price of the gar- ment (Birnbaum, 2000; Flanagan, 2002; Pollin et al., 2004; Worker Rights Consortium, 2005). It is worth reminding ourselves of the basic arithmetic involved here. In their study on the impact of substantial labour cost increases on apparel retail prices, the Worker Rights Consortium (WRC), drawing on the work of David Birnbaum (2000), present an example of a retailer wishing to import a Men’s knit shirt from the Philippines. The current labour cost of each item, which retails at US$44, is US$0.69. Assuming that wages have to be raised by 100% to attain the notional living wage in this country, the WRC calculates that the consequences of paying a living wage would be to raise the retail price by only US$0.34 (a mere 1.54%) (WRC, 2005). However, the WRC calculations contain an oft-repeated fallacy resulting from a failure to consider the margins operating within the apparel value chain. If a brand or retailer accedes to an increase in the FOB price to cover a living wage increase, this will be augmented by levies and margins at various points up the value chain, including import duties, retail country VAT or sales tax, insur- ance and the profit and operating margins of trading intermediaries. The result- ing increases in retail price based on an increased FOB would therefore be greater than those estimated by the WRC. Table 2, adapted from Merk, and using the same data for a US$44 knit shirt, arguably gives a more accurate assessment of impact on the retail price of increasing wages by 50% and 100%. In this hypothetical case, doubling wages would increase retail prices by some 6.8%. Nevertheless the argument still holds true – that ‘From the viewpoint of the final consumer, the effects of changes in wage rate are ... relatively inconsequential’ (Birnbaum, cited in Merk, 2003).

#### Living wage ordinances are a rare, US-only practice. National minimum wage increases are also obviously instances of the living wage

Miller 09 [DOUG MILLER (University of Northumbria, UK) and PETER WILLIAMS (Labour Rights Consultant, UK). What Price a Living Wage? Implementation Issues in the Quest for Decent Wages in the Global Apparel Sector, Global Social Policy 2009. http://www.sagepub.co.uk/journalsPermissions.nav 1468-0181 vol. 9(1): pp 99–125] AJ

NATIONAL MINIMUM WAGE FIXING Such discussions would need to allow for regional variations in the existing min- imum wage, (e.g. in countries such as India and Indonesia), agree on a basket of a goods and a notional family of dependents as yardsticks for calculations. So, what might be the process by which brands and retailers could resort to implement a living wage in the global apparel sector? One obvious way in which a living wage can be addressed would be by means of a substantial increase to a national minimum wage in respective supplier countries. However, industry wide bargaining generally lays down minima and in tripartite wage fixing in supplier countries, pressure is great from both employers and government to negotiate acceptable wage levels for the ‘slowest ships in the convoy’, whilst also taking account of prevailing wage rates in competitor countries. Where there is an absence of industrial upgrading and supplementary factory level wage bar- gaining, minimum wages can have a tendency to become maximum wages. During the national wage negotiations in Cambodia in 2006, for example, the workers demanded that the bilateral negotiations continue between the Inter- Federation Council (IFC) and the Garment Manufacturers Association of Cambodia (GMAC) having pressed for a minimum wage of at least $55 USD per month, a meal allowance of 1000r per hour, a seniority bonus of $2 USD per year, and an attendance bonus of $7 USD per month. The government, however, probably mindful of wage levels in neighbouring Vietnam and its accession to the WTO, intervened in the first ever national bargaining round in the sector and promulgated the minimum wage at the $50 rate which was on the table even though both sides were still mid negotiation. This rate was not only a far cry from the aspirational $82 living wage target which the unions had set themselves in consultation with labour research organizations but was soon fol- lowed by a decision to cut the nationally agreed night shift rate by as much as 70% . It seems clear that in the context of the current trading system post expiry of the Agreement on Textiles and Clothing in 2004, most supplier countries vie with each other to offer regimes to attract investment from multinational man- ufacturers, and now operate in a more competitive environment so that the downward pressure on set piece national minimum wage negotiations is likely ￼to intensify. This places the onus very much on those buyers who are feeling the squeeze from persistently adverse media coverage to search for other ways to address the living wage issue. It is to these approaches that we now must turn. LIVING WAGE ORDINANCES At the buyer end of the supply chain, those brands and retailers with living wage clauses in their codes of conduct could simply insist that a pre-defined wage rate consonant with a living wage be paid by the supplier and this would be audited accordingly. In the USA, as a result of trade union and NGO campaigns, some 130 municipalities and states have adopted so-called sweat-free procurement legisla- tion, placing a requirement on public suppliers to pay workers a non-poverty wage based on a living wage formula which a full-time worker would need to earn to support a family of 3 as determined by United States Department of Health and Human Services. These ‘living wage ordinances’ are implamented through their tendering process for workwear and laundry service providers. The city of Boston requires uniform suppliers for example, to pay workers the prevailing industry wage, defined as the wage set in collective bargaining agreements. Union suppli- ers prove they pay the prevailing wage with the union label. Non-union suppliers need to submit reams of wage data for different jobs. The City of Milwaukee, Wisconsin, has also challenged the Vanity Fair Corporation (manufacturing fire department uniforms in Mexico) on the living wage issue. However in the absence of an effective monitoring mechanism the city could not verify the company’s counter claims. In 2005 in a landmark victory, a Superior Court Judge held that Hayward’s living wage law, which requires companies in this case the laundry multinational Cintas, doing business with the city to pay employees $10.71 an hour or $9.26 if they provide health insurance, as constitutional. Since 2003, work- ers, supported by UNITE-HERE had filed 231 separate suits alleging that Cintas was paying wages two dollars or more below the city’s living wage. It has, however, become clear to the Sweatfree Coalition, however, that municipalities need to col- laborate on the enforcement issue – a lesson for private sector buyers. THE WORKER RIGHTS CONSORTIUM DESIGNATED SUPPLIER PROGRAM A similar but extended model can be found on some US campuses, where college apparel is a multi-million dollar business, into which companies bid to acquire the licence to manufacture apparel bearing a University logo for sale through campus shops. Most of the larger licensees contract out this work worldwide. Because of the ability of students to mobilize support amongst aca- demics and students on campus governing bodies, (cf. Klein, 2000) licensees have been forced to disclose supplier locations and latterly heed a set of recommenda- tions of the Worker Rights Consortium, a complaints mechanism established by the United Students Against Sweatshops (USAS). These constitute a factory approval scheme under which factories producing university-licensed products would be deemed compliant with a series of requirements, including payment of a living wage, the licensee’s payment of a price sufficient to pay a living wage, and the existence of a democratic, representative union or, at minimum, evidence of employer openness to union organizing and collective bargaining. Under the terms of this so-called ‘Designated Supplier Program’ (DSP) licensees will be required to reduce the number of supplier factories they use and only produce university licensed products in those factories that were certified by the WRC as meeting its various requirements outlined above. The significance of this development, apart from marking a decisive shift in approach to embrace the issue of ‘price’ and buying practice, is that many licensees are companies that are members of the Fair Labor Association,9 whose code does not aspire to a living wage. The programme is still in the process of being adopted by campuses. So far, some 40 universities have signed up,10 so it is too early to make an assessment of its effectiveness, since it is to be phased in over a period of three years. However, the WRC acknowledges that the DSP will not be effective in the long run with- out full transparency on the part of licensees and suppliers and some consolida- tion of the campus apparel production. From the brands/licensees side the Fair Labor Association has iterated a number of reservations with particular reference to cost and viability of the programme, anti-trust concerns,11 the impact of the DSP in countries where there are legal or structural reasons that would prevent factories from becoming designated, and a fundamental question as to whether such an approach is the best route to the achievement of a living wage.12 Private Sector and Voluntary Initiatives Both the ‘living wage ordinance’ and DSP apply to quite specific market niches and/or unique circumstances, where not inconsiderable buying power resides in public procurement agencies. This is not the norm for the global apparel sector. Here buyers might be motivated into addressing the issue by a number of factors – ethical consumerism leading to a shift in demand for their product, adverse media coverage threatening to harm the brand, an explosion of wage militancy in their supplier countries disrupting production, or a realisation that there may be added value in a living wage initiative.

#### LW applies to all workers

Miller 09 [DOUG MILLER (University of Northumbria, UK) and PETER WILLIAMS (Labour Rights Consultant, UK). What Price a Living Wage? Implementation Issues in the Quest for Decent Wages in the Global Apparel Sector, Global Social Policy 2009. http://www.sagepub.co.uk/journalsPermissions.nav 1468-0181 vol. 9(1): pp 99–125] AJ

If we take Bangladesh as an example, an Achilles heel for those UK mass dis- count retailers that have become the target of persistent NGO campaigning,27 sectoral bargaining around the National Minimum Wage in 2006 led to an agreed new minimum of 1662 Taka in October of that year. This figure is just over half the 3000 Taka/month living wage that unions and NGOs were seeking. Let us assume that all parties agree to the living wage figure of 3000 Taka. One of the principles of a living wage is that it should apply to all workers. Hence the lowest-remunerated worker, on entry level (Grade 7) would receive a wage of around 3000 taka/month based on a standard working week. This would involve an 80% increase on the entry-level rate. The next step would be to agree a notional pay scale for other workers. Differentials would need to be maintained, lest sewers are to earn more than supervisors. This would be have to be the sub- ject of negotiations at national or local level. One approach, which has the merit of being visibly equitable, would be to apportion to each grade the same flat rate increase afforded to the lowest grade worker. This is illustrated in Table 4.

#### Bangladesh – cost of higher LW could be very low

In very low wage economies like Bangladesh, where the existing minimum wage is worth around £12/month and the living wage equates to £35, whole- sale cost rises may be so small that a rapid increase in wages could be achieved through the kind of mechanisms discussed earlier. However, for more devel- oped economies like Latin America and Turkey, where wage increases would impact more on product cost, such an approach may be less workable. A more sustainable approach, and the only one likely to deliver improved wages across globalized garment supply chains, will depend on gradual raising of wages in parallel in supplier countries.28 Sustainable improvements in wages will only happen when retailers and brands institute mechanisms that direct orders towards suppliers with better working conditions, mechanisms that are painfully absent in the vast majority of brand-name and retail companies, whether members of MSIs or not.

## Somalia

### Akash Cards

#### Shit’s racist

Ali and Murad 09 [Muna, Masters student in Sociology at York University, and Zahra, Masters student in Curriculum Studies at the University of Toronto, December 20, “Unravelling Narratives of Piracy: Discourses of Somali Pirates,” http://www.darkmatter101.org/site/2009/12/20/unravelling-narratives-of-piracy-discourses-of-somali-pirates/]

The construction of Somali pirates through the media is one that is highly racialized and arises from an understanding of their existence only in relation to ourselves. We have established that Somali piracy is a Western creation in the sense that piracy off the Horn of Africa came out of foreign countries abusing and dumping waste into Somali waters in combination with political instability within the country. However, the ways in which the Somali pirate is produced as a threatening stranger is a method to manage the story of piracy and construct ourself. Somali pirates, as dangerous strangers at sea, are labelled in this way to differentiate ‘us’ from ‘them’.[13] Similar rhetoric from the United States’ War on Terror is used in the discussion of piracy. In fact, according to several media outlets, Somali pirates have been linked to “Islamic terrorist” organizations. There has been little discussion on the fact that these links were made simply based on these men’s identities as Muslims. The BBC reported that Somali pirates have been accused of forming an “unholy high seas alliance” with Islamist insurgents in Somalia.[14] In The Current’s interview with Ram, he referred to these Somali men as terrorists.[15] US Secretary of State, Hillary Clinton, has called for the world to take action to end the “scourge” of piracy.[16] Clinton describes these men as criminals that must be brought to justice.[17] These stories of Somali pirates, as terrorists of the sea, are stories of colonialism and white supremacy. A decontextualized understanding of piracy does not allow for an understanding of the West’s complicity in the creation of piracy. A common theme in the construction of the Somali pirate is as either a martyr-rebel or greedy villain. Somali pirates are set up as sympathetic based on whether or not they are helpless, and therefore unthreatening to the West, or as active agents of change. When they are recognized as active agents, they become unsympathetic. This speaks to the point we made earlier about the simultaneous historicity and ahistoricity surrounding pirates in general and Somali pirates in particular. Why are Somali people more threatening when they are actively seeking to alter the abject[18] nature of their condition? We would argue that this is because, despite lack of context in the coverage of Somali pirates, there is an awareness that the West in general, and North America in particular, is responsible for the fall of the Somali nation. During The Current’s interview with Security Consultant Ram, he continuously stated that the story of piracy would be different if the pirates were using the money to feed their people.[19] Instead, according to Ram, these men are using the money they receive to have luxurious weddings, buy fancy cars, and build mansions. In other words, Ram is arguing that if these men were engaging in complete social banditry, similar to Robin Hood, the pirate would be constructed differently. However, since they are not selfless martyrs their story can be decontextualized and voices unheard. Ram believes that they have legitimate concerns in Somalia, however, “they have crossed the line” with their actions. The image of the greedy pirate has been presented in several media outlets that have highlighted piracy in Somalia in the same way. For instance, in April 2009, a ship holding food aid from the United Nations was hijacked. Many media sources centred on the notion that Somali pirates were keeping their own people from receiving aid. One headline read: “Somalia Piracy Hurting Aid delivery – UN.”[20] According to this article, “attacks by pirates off Somalia are making it ever harder for the UN food agency to deliver relief aid to the hungry in East Africa and the Horn of Africa.”[21] Here we see the construction of West as the heroes who are attempting save the poor Somali people, but cannot as a result of Somali pirates. This further situates the pirates as evil people who came out of nowhere – not as some of those very same ‘poor Somalis’ the West is trying to ‘help’. Western media outlets have created two types of Somali bodies – the greedy pirate and the helpless Somali victim that is suffering as a result of piracy. These two bodies are put against each other to further Western narratives of Somali piracy as evil and of Somalis as either immobile helpless victims or as criminals. In the Daily News, reporter Helen Kennedy wrote an article titled “Piracy Big Boon to Somalia Economy; Hotels, Restaurants Sprout in Port of Eyl in Pirates’ Presence.”[22] The reporter focuses on how the Somalis are spending profits from piracy. Kennedy states, “Big villas and hotels are sprouting, former subsistence fishermen are driving Mercedes-Benzes and gold-digging women are showing up. So are accountants.” Concentrating on where money, that is considered ‘illegally earned’ is going allows for the discussion of piracy to be dehistoricized and decontextualized. The discussion is not about how or why piracy off the coast of Somalia exists, instead it looks at where ‘illegally earned’ funds are going. This is a tool to draw attention away from the larger context and issues making piracy in Somalia a necessity. So what are some of these issues? What is the context of Somali piracy? In our next section, we put some of the thoughts of our interview participants together with the analysis of these sections to build some context.

#### Living wage solves somali pirates

Beloff 13 [Jonathan, Department of Politics and International Studies at the University of London, Spring, “How Piracy is Affecting Economic Development in Puntland, Somalia,” http://scholarcommons.usf.edu/cgi/viewcontent.cgi?article=1222&context=jss]

To stop the cycle of piracy in the Horn of Africa, there are two main options that can be implemented. The first is the current strategy of the international community to use a multinational naval force in the Gulf of Aden to stop hijacks once they have begun, free the hijacked vessels, and helicopter operations to try to stop pirates before they attempt to hijack a vessel. In no way is it being suggested that the service of these naval fleets are being condemned or denoted, but it seems impractical to continue this short-term strategy. The other option to stop piracy is for the focus to be on economic development of the region. If attained, Somalis who have the ability to earn a living wage will likely abandon piracy.56 The problem with development is that it takes time and resources. It seems that the international community has decided that it is more economical for them to just deal with the piracy in either paying the ransoms or attacking with their militaries. Conclusion Most of the international community abandoned Somalia after the horrific events of the downing of the American Blackhawk helicopters during the end of the Battle of Mogadishu and after the complete failure of several attempts to establish any type of government in Somalia. This has led to desperation by many Somalis. With no effective government able to protect their coastal waters, foreign fishing fleets have overfished the coastal waters to a point that fishing is no longer economical. This was compounded by the tragic 2004 Tsunami that destroyed hundreds of fishing boats and destroyed many parts of Puntland and the rest of Somalia. Piracy originated in Somalis by giving fines or harassing foreign fishing fleets, but as the situation worsened in Somalia, the targets became the freight ships that carried the products from around the World into the global market. Piracy became more organized by Somali pirates receiving start-up financial capital from financiers. These financiers not only gave the start-up funds necessary for piracy but also much of the necessary equipment for the pirates. Once a ship was successfully hijacked, the ship was brought back to port where the coastal city would sell the overpriced items such as food and fuel to the pirates. The hijackers are forced to purchase their supplies from these merchants because they need to keep their hostages alive and wait until their broker sends the ransom demands to whoever owns the hijacked vessel. Once the ransom is paid, the pirates, financiers, and other parties (the clan leaders and warlords as well as the Puntland Government) distribute it between themselves. Tragically, this economic system is sustaining the piracy in the region, but this is the only option for many Somalis. The international community has decided that it is more economical to handle the “pirate problem” one hijacking at a time. This short term planning has not stopped the root of Somali piracy and poverty. As long as Puntland and the rest of Somalia remains poor, underdeveloped, and without a functioning government, piracy will be a viable option for Somalis. If the international community wants to terminate the causes for the necessity of piracy by Somalis, its leaders need to understand the economic affects and implement policies that can terminate piracy for the long haul.

## Iran

### Inflation Adv

#### Indexing to inflation is key – wages are so low there’s no difference between employment and unemployment

ILR 10 [New Minimum Wage Rate Spurs Widespread Indignation. Iran Labor Report, March 16 2010. http://www.ilo.org/dyn/travail/docs/866/2010%20Minimum%20wage%20rate%20-%20Iran%20Labor%20Report%20160310.pdf] AJ

Considering the high rate of inflation in the coming year, estimated to be up to 25 percent, along with plans to eliminate subsidies, many representatives from labor organizations have spoken out against the new minimum wage rate. Mahjoub of “Labor House” stated that the minimum wage for the year 1389 (the new Iranian year) should not be less than 526 US dollars per month. Hassan Sadeghi, head of the veteran workers council, described the announced rate as a mean of imposing poverty on the workers. Mokhtari, the head of Tehran Municipality Workers Union, termed the rate to be only good enough for the workers’ “transportation and breathing needs,” and asked the High Council how they had arrived at this rate. According to him, the workers will be forced into secondary jobs in order to supplement their expenses, which will result in a reduction of the workers’ productivity. He asked whether the members of the High Council would be able to sustain life on such a wage. Ali Akbar Eivazi, the Wages Committee head of Tehran Islamic Labor Council said that “the average monthly expenses for a workers’ family in Iran is 526 US dollars. With the set minimum wage there is no difference between the employed and unemployed as neither will be able to make ends meet”.

#### No impact to unemployment – wages are so low that even jobs don’t solve poverty

#### Try or die for the aff – rapid inflation means even consistent minimum wage increases don’t solve

### CP No UQ

#### Government already has cash transfers and medical coverage in the squo – proves the CP fails

Khajepour 12/10 [Bijan Khajehpour is a managing partner at Atieh International, the Vienna-based international arm of the Atieh Group of Companies, a group of strategic consulting firms based in Tehran, Iran. http://www.al-monitor.com/pulse/originals/2014/12/1394-budget-iran-economy.html#ixzz3YA9B6yW. Iran's budget tackles falling oil prices. Al Monitor, December 10 2014] AJ

The government has budgeted an expense of 156 trillion rials ($5.5 billion) for the cash handout payments within the subsidy reforms, a 26% decline compared with the 1393 budget bill. It has been announced that the monthly cash amount would remain unchanged. It is expected that the government will introduce the third phase of fuel price hikes in 2015, generating new revenues without increasing its actual bill for cash handouts (through elimination of higher income classes from the list of handout recipients). It is planned that state expenditure for the health care sector will be elevated to 401 trillion rials ($14.1 billion), indicating a 58% growth compared with the 1393 budget law. This is one of the instruments that the government is using to reduce the inflationary impact on Iranian society. In other words, the government is reducing the contribution of citizens to health care expenses by increasing the government and also the insurance coverage of health-related expenses. The Treasury allocation to defense and security expenditure will increase to 360 trillion rials ($12.6 billion), i.e., a 32% increase compared with the current budget. It should be noted that a significant segment of this growth is a reflection of the planned increase for salaries and wages of civil servants and military personnel. In fact, according to Gholamreza Kateb, a member of the budget and planning commission of the Iranian parliament, the salaries are projected to increase by 17% in 1394. Interestingly, looking at the expenditure side of the government’s plans, some core policy objectives become evident: Based on the presented bill, the government will increase its general operational expenditure only by 11% compared with the current year. Considering a 20% inflation rate, it is clear that the government will have to engage in major cost-cutting across many areas, especially in its current operational budget. The planned 17% increase in wages and salaries is again below inflation and above the actual financial capabilities of the government. It will remain to be seen how the Iranian parliament will react to the government’s cost-cutting plans, but it would be one of the instruments available to produce a balanced budget. If the above figures are approved by the parliament, then the government would be able to increase infrastructure investments by about 25%, which would be a major boost for the Iranian economy. In fact, a large number of Iranian companies are dependent on the government’s infrastructure projects as contractors and subcontractors, and a significant increase in government spending would translate into job creation and increased economic activity.

### Spending DA

#### Oil revenue decline means Iran is facing a budget deficit – CP pushes it over

Fashtami 12/2 [2 DECEMBER 2014, 08:00 (GMT+04:00). Iran's budget deficit may reach 50%. Milad Fashtami. Trend Business News. http://en.trend.az/business/economy/2339133.html] AJ

Iran's budget deficit in the current Iranian calendar year (to end March 20, 2015) may even amount to 50 percent. Head of Iran World Trade Center Mohammad Reza Sabzalipour told Trend on December 1 that the minimum budget deficit will be around 30 percent, but in the worst case scenario the figure may even reach 50 percent. "The falling trend of oil price in global markets is expected to continue at least until the first quarter of 2015," he said, adding that the prices may drop to $60 per barrel in the coming weeks. The OPEC oil basket price has fallen from $108 in June to about $70,8 on Nov.30. Iran's current fiscal year's budget was set based on $100/barrel and exporting 1.3 million barrels of crude oil per day. Iran's fiscal year will end on March 20,2015. This is while, according to the Reuters' report, published on Nov.29, Iran's oil export to Asian markets during the first 10 months of 2014 is 1.1 million barrels per day. Iran also exports a little bit of oil to Turkey, but reportedly only about 0.1 mbpd. Sabzalipour said that the current year's budget plan was practically approved with deficit. "Iran is currently exporting less oil than the figure projected in the budget plan. The price of the exported oil is also way below the figure estimated in the budget plan. It is while the country had to pay off some debts from the previous fiscal year’s budget plan. So a considerable budget deficit is completely understandable," he said. He went on to note that budget deficit in the next year would also be inevitable. "The government will not be able to pay for all its spending in the current year, so some of the debts will be transferred to next year's budget plan. Given the fact that oil prices are falling and Iran's oil revenues are decreasing, budget deficit in the next year will also be unavoidable," Sabzalipour noted.

#### That causes runaway inflation which kills the economy

Zonuzi 11 [Jamaleddin Mohseni Zonuzi. Assistant professor; Department of Economics, Urmia University, Mahnaz S.Hashemi Pourvaladi, Nasrin Faraji. The Relationship between Budget Deficit and Inflation in Iran. Iranian Economic Review, Vol.15, No.28, Winter 2011] AJ

Government budget deficit has been one of the topical issues in the country’s historical economic problems. The budget deficit-inflation relationship is not always obvious and it is different between countries. Since government of Iran has consistently run its economy with a budget deficit and high inflation, this paper re-investigate the deficit-inflation nexus in the Iranian economy by using quarterly data for the period of 1990:1-2007:4. To cary out a test of no structural break against an unknown number of breaks in the Iranian macroeconomic variables, we use the endogenously determined multiple break test developed by Bai & Perron (2003). As, there is a structural break in the time series date, we use Perron(1990) unit root test to test of stationarity. We employ Bounds test approach to cointegration proposed by Pesaran et al. (2001) to investigate the long-run relationship between budget deficit and inflation. The key findings from the empirical studies investigating the relationship between the budget deficit and inflation indicated strong evidence towards supporting a significant and positive relationship between budget deficit and inflation in Iran. At the end, we obtained volatility of budget deficit by using GARCH model, and showed that, volatility of budget deficit has a positive effect on the inflation too. Government deficit has been one of the topical issues in the country’s historical economic problems. The relationship between budget deficit and inflation has acquired a prominent place in literature on monetary economics. For most episodes of high inflation in developing countries, it can be said that the source of inflation is an imbalance in the fiscal sphere. For a long time, economists and policymakers have worried about the relationship between government budget deficit and inflation. These worries stem from the possibility that the government will finance its deficit by borrowing or by printing money. However, the question is this: Do government budget deficit lead to higher inflation? Some countries with high inflation, also have large government budget deficits. This suggests a link between budget deficit and inflation.

#### Iranian inflation crushes growth and increases poverty

Peterson 11 [Sabrina M. Peterson. Iran’s Deteriorating Economy: An Analysis of the Economic Impact of Western Sanctions. International Affairs Review. http://www.iar-gwu.org/node/428. Last Date Cited 2011] AJ

One of the most pressing problems in Iran today is inflation. Inflation is not a new problem in Iran, due in part to sanctions in recent years that have resulted in disrupted supply chains and higher operating costs. But spiraling inflation is being felt by ordinary Iranians like never before. In late June, Iran’s Central Bank reported inflation to be at 22.2 percent, although economists say this figure is grossly underestimated. In one week alone, the price of chicken rose 30 percent and the price of vegetables almost 100 percent. Prices are unstable, budgets are being stretched thinner and thinner, and people are seeing the value of their savings quickly disappear.

#### Sustained deficits kill confidence and create reinforcing cycles of negative economic effects

Rubin 04 [Rubin, Robert E., Peter R. Orszag, and Allen Sinai. Robert E. Rubin is Member, Office of the Chairman, Citigroup; Peter R. Orszag is Joseph A. Pechman Senior Fellow, Brookings Institution; and Allen Sinai is Chief Global Economist, Decision Economics, Inc. "Sustained Budget Deficits: the Risk of Financial and Fiscal Disarray." (2004)] AJ

Conventional analyses of sustained budget deficits demonstrate the negative effects of deficits on long-term economic growth. Under the conventional view, ongoing budget deficits decrease national saving, which reduces domestic investment and increases borrowing from abroad.1 Interest rates play a key role in how the economy adjusts. The reduction in national saving raises domestic interest rates, which dampens investment and attracts capital from abroad.2 The external borrowing that helps to finance the budget deficit is reflected in a larger current account deficit, creating a linkage between the budget deficit and the current account deficit. The reduction in domestic investment (which lowers productivity growth) and the increase in the current account deficit (which requires that more of the returns from the domestic capital stock accrue to foreigners) both reduce future national income, with the loss in income steadily growing over time. Under the conventional view, the costs imposed by sustained deficits tend to build gradually over time, rather than occurring suddenly. The adverse consequences of sustained large budget deficits may well be far larger and occur more suddenly than traditional analysis suggests, however. Substantial deficits projected far into the future can cause a fundamental shift in market expectations and a related loss of confidence both at home and abroad. The unfavorable dynamic effects that could ensue are largely if not entirely excluded from the conventional analysis of budget deficits. This omission is understandable and appropriate in the context of deficits that are small and temporary; it is increasingly untenable, however, in an environment with deficits that are large and permanent. Substantial ongoing deficits may severely and adversely affect expectations and confidence, which in turn can generate a self-reinforcing negative cycle among the underlying fiscal deficit, financial markets, and the real economy: • As traders, investors, and creditors become increasingly concerned that the government would resort to high inflation to reduce the real value of government debt or that a fiscal deadlock with unpredictable consequences would arise, investor confidence may be severely undermined; • The fiscal and current account imbalances may also cause a loss of confidence among participants in foreign exchange markets and in international credit markets, as participants in those markets become alarmed not only by the ongoing budget deficits but also by related large current account deficits; • The loss of investor and creditor confidence, both at home and abroad, may cause investors and creditors to reallocate funds away from dollar-based investments, causing a depreciation of the exchange rate, and to demand sharply higher interest rates on U.S. government debt; • The increase of interest rates, depreciation of the exchange rate, and decline in confidence can reduce stock prices and household wealth, raise the costs of financing to business, and reduce private-sector domestic spending; • The disruptions to financial markets may impede the intermediation between lenders and borrowers that is vital to modern economies, as long-maturity credit markets witness potentially substantial increases in interest rates and become relatively illiquid, and the reduction in asset prices adversely affects the balance sheets of banks and other financial intermediaries; • The inability of the federal government to restore fiscal balance may directly reduce business and consumer confidence, as the view of the ongoing deficits as a symbol of the nation’s inability to address its economic problems permeates society, and the reduction in confidence can discourage investment and real economic activity; • These various effects can feed on each other to create a mutually reinforcing cycle; for example, increased interest rates and diminished economic activity may further worsen the fiscal imbalance, which can then cause a further loss of confidence and potentially spark another round of negative feedback effects. Although it is impossible to know at what point market expectations about the nation’s large projected fiscal imbalance could trigger these types of dynamics, the harmful impacts on the economy, once these effects were in motion, would substantially magnify the costs associated with any given underlying budget deficit and depress economic activity much more than the conventional analysis would suggest. Indeed, the potential costs and fallout from such fiscal and financial disarray provide perhaps the strongest motivation for avoiding substantial, ongoing budget deficits.3

### Deficit Work

#### High Gov spending is the squo – causes inflationary pressures and fucks the economy

Khajepour 12/10 [Bijan Khajehpour is a managing partner at Atieh International, the Vienna-based international arm of the Atieh Group of Companies, a group of strategic consulting firms based in Tehran, Iran. http://www.al-monitor.com/pulse/originals/2014/12/1394-budget-iran-economy.html#ixzz3YA9B6yW. Iran's budget tackles falling oil prices. Al Monitor, December 10 2014] AJ

Despite a 28% decline in the base crude oil price, the state budget projects only an 8% decline in oil and gas export revenues. This is partly due to an official devaluation of the rial (from originally 26,000 rials in the 1393 budget to a planned 28,500 rials to the US dollar in the 1394 bill) and partly a consequence of higher oil and gas exports (more below).

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The Treasury allocation to defense and security expenditure will increase to 360 trillion rials ($12.6 billion), i.e., a 32% increase compared with the current budget. It should be noted that a significant segment of this growth is a reflection of the planned increase for salaries and wages of civil servants and military personnel. In fact, according to Gholamreza Kateb, a member of the budget and planning commission of the Iranian parliament, the salaries are projected to increase by 17% in 1394.

Interestingly, looking at the expenditure side of the government’s plans, some core policy objectives become evident: Based on the presented bill, the government will increase its general operational expenditure only by 11% compared with the current year. Considering a 20% inflation rate, it is clear that the government will have to engage in major cost-cutting across many areas, especially in its current operational budget. The planned 17% increase in wages and salaries is again below inflation and above the actual financial capabilities of the government. It will remain to be seen how the Iranian parliament will react to the government’s cost-cutting plans, but it would be one of the instruments available to produce a balanced budget.

If the above figures are approved by the parliament, then the government would be able to increase infrastructure investments by about 25%, which would be a major boost for the Iranian economy. In fact, a large number of Iranian companies are dependent on the government’s infrastructure projects as contractors and subcontractors, and a significant increase in government spending would translate into job creation and increased economic activity.

However, the central question will have to be whether the planned revenues materialize, especially considering the current low oil price. Assuming that there will be no major movement in the sanctions regime in the next year, Iran will continue to export about 1.3 million barrels per day (mbpd) of crude oil and condensates. Based on a projected barrel price of $70 (which is not guaranteed at this stage), this would generate a revenue of $33 billion, of which 20% would flow into the National Development Fund (NDF), 14.5% directly to the National Iranian Oil Co. (NIOC) and 2% to oil producing provinces, leaving the Treasury with about $20 billion. If we add the proceeds of gas exports as well as the sale of gas and condensates to the country’s petrochemical units, an additional $8 billion would be generated as government revenue. This would translate to 798 trillion rials, which is higher than the budgeted figure. Furthermore, if the oil price falls further, the government would have the right to fill the gap through loans from the NDF.

The budget bill clearly indicates that the government is using its two other sources of income, i.e., tax revenues and proceeds of privatization, to compensate for the shortfall. Considering the relative economic momentum and that the economy has moved out of recession, it can be expected that the government will generate higher tax revenues. However, a 22% increase in actual tax revenues will also have a negative impact on overall economic activity, which may backfire.

The next position to consider is proceeds from privatization and financial transactions. Though the government is hoping for 27% growth compared with the current fiscal cycle, it would not be far-fetched if the government put an effort behind preparing a number of entities for transfer to nongovernmental sectors (including semi-governmental organizations). At the same time, achieving the above figures in tax and privatization proceeds would depend on a general positive mood in the economy, which would certainly emerge if Iran manages to finalize a comprehensive nuclear deal with the P5+1, the five permanent UN Security Council members and Germany. In the absence of a nuclear agreement, it is likely that some of the targets will be missed.

Amid the difficulties and uncertainties faced by the government, Iranian industry continues to perform as the country increases its non-oil exports. In his presentation to parliament, Rouhani predicted a 20% growth in non-oil exports. Though regional uncertainties (especially the events in Iraq as Iran’s main non-oil export market) have put pressure on Iranian exports, it is projected that the non-oil export performance will continue to grow, adding to the country’s trade surplus and helping to create jobs. Additionally, increased revenues from tourism are helping the economy compensate for some of the lost hard-currency proceeds in the petroleum sector.

All in all, despite a major decline in oil export revenues, the Iranian government could achieve its goal of producing a balanced budget as long as it remains disciplined and manages to cut costs in general expenditure. However, if oil prices continue to fall or if the nuclear negotiations do not produce a positive outcome, it is conceivable that the government would face a budget deficit, compelling it to increase its borrowing, leading to inflationary pressures. In general, the next phase of the subsidy reforms, alongside the aforementioned uncertainties, will push up inflation so that 20% inflation can be expected in 2015.

#### Deficit high now – oil revenues fell drastically and spending is unsustainable

Fashtami 12/2 [2 DECEMBER 2014, 08:00 (GMT+04:00). Iran's budget deficit may reach 50%. Milad Fashtami. Trend Business News. http://en.trend.az/business/economy/2339133.html] AJ

Iran's budget deficit in the current Iranian calendar year (to end March 20, 2015) may even amount to 50 percent. Head of Iran World Trade Center Mohammad Reza Sabzalipour told Trend on December 1 that the minimum budget deficit will be around 30 percent, but in the worst case scenario the figure may even reach 50 percent. "The falling trend of oil price in global markets is expected to continue at least until the first quarter of 2015," he said, adding that the prices may drop to $60 per barrel in the coming weeks. The OPEC oil basket price has fallen from $108 in June to about $70,8 on Nov.30. Iran's current fiscal year's budget was set based on $100/barrel and exporting 1.3 million barrels of crude oil per day. Iran's fiscal year will end on March 20,2015. This is while, according to the Reuters' report, published on Nov.29, Iran's oil export to Asian markets during the first 10 months of 2014 is 1.1 million barrels per day. Iran also exports a little bit of oil to Turkey, but reportedly only about 0.1 mbpd. Sabzalipour said that the current year's budget plan was practically approved with deficit. "Iran is currently exporting less oil than the figure projected in the budget plan. The price of the exported oil is also way below the figure estimated in the budget plan. It is while the country had to pay off some debts from the previous fiscal year’s budget plan. So a considerable budget deficit is completely understandable," he said. He went on to note that budget deficit in the next year would also be inevitable. "The government will not be able to pay for all its spending in the current year, so some of the debts will be transferred to next year's budget plan. Given the fact that oil prices are falling and Iran's oil revenues are decreasing, budget deficit in the next year will also be unavoidable," Sabzalipour noted.

#### That causes runaway inflation which kills the economy

Zonuzi 11 [Jamaleddin Mohseni Zonuzi. Assistant professor; Department of Economics, Urmia University, Mahnaz S.Hashemi Pourvaladi, Nasrin Faraji. The Relationship between Budget Deficit and Inflation in Iran. Iranian Economic Review, Vol.15, No.28, Winter 2011] AJ

Government budget deficit has been one of the topical issues in the country’s historical economic problems. The budget deficit-inflation relationship is not always obvious and it is different between countries. Since government of Iran has consistently run its economy with a budget deficit and high inflation, this paper re-investigate the deficit-inflation nexus in the Iranian economy by using quarterly data for the period of 1990:1-2007:4. To cary out a test of no structural break against an unknown number of breaks in the Iranian macroeconomic variables, we use the endogenously determined multiple break test developed by Bai & Perron (2003). As, there is a structural break in the time series date, we use Perron(1990) unit root test to test of stationarity. We employ Bounds test approach to cointegration proposed by Pesaran et al. (2001) to investigate the long-run relationship between budget deficit and inflation. The key findings from the empirical studies investigating the relationship between the budget deficit and inflation indicated strong evidence towards supporting a significant and positive relationship between budget deficit and inflation in Iran. At the end, we obtained volatility of budget deficit by using GARCH model, and showed that, volatility of budget deficit has a positive effect on the inflation too. Government deficit has been one of the topical issues in the country’s historical economic problems. The relationship between budget deficit and inflation has acquired a prominent place in literature on monetary economics. For most episodes of high inflation in developing countries, it can be said that the source of inflation is an imbalance in the fiscal sphere. For a long time, economists and policymakers have worried about the relationship between government budget deficit and inflation. These worries stem from the possibility that the government will finance its deficit by borrowing or by printing money. However, the question is this: Do government budget deficit lead to higher inflation? Some countries with high inflation, also have large government budget deficits. This suggests a link between budget deficit and inflation.

#### Inflation crushes growth and increases poverty

Peterson 11 [Sabrina M. Peterson. Iran’s Deteriorating Economy: An Analysis of the Economic Impact of Western Sanctions. International Affairs Review. http://www.iar-gwu.org/node/428. Last Date Cited 2011] AJ

One of the most pressing problems in Iran today is inflation. Inflation is not a new problem in Iran, due in part to sanctions in recent years that have resulted in disrupted supply chains and higher operating costs. But spiraling inflation is being felt by ordinary Iranians like never before. In late June, Iran’s Central Bank reported inflation to be at 22.2 percent, although economists say this figure is grossly underestimated. In one week alone, the price of chicken rose 30 percent and the price of vegetables almost 100 percent. Prices are unstable, budgets are being stretched thinner and thinner, and people are seeing the value of their savings quickly disappear.

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#### Books

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### Ramezani 14

#### Turns contract-based NCs

In violation of Iran's own laws, the minimum wage rise has not kept up with the inflation rate, and this may cause more problems and protests in the near future.

#### Minimum wage k2 quality of life

Razemani 14 [Alireza Ramezani (masters degree in Journalism Studies from Cardiff University, UK. He has worked for media organizations and business firms in Iran since 1999). Mapt 18, 2014. “Raise in minimum wage not enough for Iranian workers.” Al-Monitor, Pulse of the Middle East. http://www.al-monitor.com/pulse/ru/originals/2014/03/iran-wages-inflation-economy-law-protest.html#] AJ

Workers earning a few hundred dollars a month have fought skyrocketing inflation in recent years with empty hands. They literally have no leverage to bargain with the government and private employers over their wages and work conditions, given the lack of independent labor unions.

Last week, the Supreme Labor Council agreed to raise the monthly minimum wage to 6,090,000 rials (nearly $248) from 4,870,000 rials (nearly $195), for the next year starting March 21. The figure shows a 25% increase compared to a year before, but labor activists say that is too little.

The activists criticize the Labor Council — consisting of the minister of cooperatives, labor and social affairs; the minister of industry, mine and trade; the minister of economic affairs and finance; and representatives of employers and workers — for leaving little room for workers to operate. Workers' representatives had called for a 35-40% raise in the minimum wage, considering the inflation rate hovering at 37%, but employers’ representatives rejected the demand arguing that such an increase would cause huge damage to production activities.

Last year, the administration of former President Mahmoud Ahmadinejad raised the minimum wage by 25%, while the inflation was 30.5%. Soon after the decision, a group of labor activists and workers filed a lawsuit against the government demanding the difference between the two rates. Ali Akbar Eivazi, a labor activist, said the Administrative Justice Tribunal ruled in favor of workers in that case, but the Hassan Rouhani administration refused to pay the difference, arguing that there was no mention of the previous government’s debt in the 2014-2015 budget.

Annual rise in the Iranian minimum wage (figures are based on official data released by the Central Bank of Iran and the Ministry of Cooperatives, Labor and Social Affairs) [Table Omitted]

\* Iran has a three-tiered exchange rate for foreign currencies. The official government exchange rate is 12,260 rials to the dollar, the official exchange rate for foreign trade is about 25,000 rials to the dollar and the free market rate is about 30,000 rials to the dollar.

Workers, who largely supported Rouhani in the June 2013 election, expect him to meet the pledge he made during his campaign to raise the minimum wage “in accordance with the law.” But, surprisingly, there is no mention of such a law in the Fifth Development Plan ending March 2016, while Article 150 of the Fourth Development Plan ending March 2011 had clearly required that the government raise the minimum wage of its employees “in accordance with the inflation rate.” Yet, Article 41 of the Labor Law still stipulates that each year the minimum wage should be set “according to the rate of inflation in the country and the cost of living for a family of four.”

Given the poverty line of 18 million rials ($720) for a family of four, Iranian workers would earn only one-third of that figure, even if they get the announced raise. Emadeddin Baghi, a journalist and human right activist, has recently said Iranian workers live under the “death line” rather than the poverty line.

Hossein Raghfar, a professor of economics, believes the purchasing power of workers continues to fall next year, when the government is planning to implement the second phase of the Subsidiary Reform Plan, a controversial program first implemented by Ahmadinejad three years ago, which pushed inflation up to 45% for the first time in two decades. Raghfar has warned the government against further cuts in subsidiary of energy carriers, saying they could send inflation spiraling out of control, again.

Over the past few years, both employers and workers have been under financial pressures. Workers across the country have staged dozens of rallies in protest at low wages, delayed payments and massive layoffs. Earlier this month, dozens of employees of Iran Tire, a tire manufacturing company near Tehran, held a sit-in in front of the factory calling for their return to work. The company has laid off 250 workers and is planning to fire 150 more in a few months, as it has closed down an old production unit, according to the fired workers. But the protest has been just as frequently ignored.

With the new minimum wage announced last week, the Rouhani administration will likely face more labor challenges in the coming years. The Free Union of Iranian Workers, consisting mainly of the unemployed and fired workers from across the country, has angrily reacted to what they called “a very little” increase in the minimum wage. In a statement released on March 14, the union accused the Rouhani administration of trying to “protect and guarantee the astronomical profits of a minority and the government, as the country’s largest employee.” The statement called on authorities to increase the minimum wage according to Article 41 of the Labor Law or face “street protests” in the near future.

Workers are deeply concerned about the promised rising prices of energy carriers in the coming months, which experts say would eventually cause food and health prices to jump harshly. In the year ending March 2014, at least 44% of Iranians lived under the poverty line compared to 40% a year before. Authorities worry that the growing poverty and inequality in the country could threaten economic recovery and lead to social upheavals. Many critics doubt that the Rouhani administration could prevent a labor crisis, with 95% of the sanctions still remaining in place, four months after an interim nuclear deal was reached in Geneva between Iran and the five permanent members of the UN Security Council plus Germany, the P5+1.

#### K2 Rouhani legitimacy

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### Iranian Workers’ Organizations 15

IWO 15 [Independent workers’ organizations statement about minimum wage. Statement by six Iranian workers’ organizations - Signatures to the statement in alphabetical order: 1 - Iranian Workers Free Trade Union 2- Committee to Pursue the Establishment of Workers’ Organizations in Iran 3- Labor Rights Defenders Association 4. Coordinating Committee to Help form Workers’ organization 5. Sugarcane Workers’ Union of Haft Tapeh 6. Painters’ Union of Alborz Province 11/03/2015. http://www.socialistworld.net/doc/7124] AJ

#### Strong union support for living wage

IWO 15 [Independent workers’ organizations statement about minimum wage. Statement by six Iranian workers’ organizations - Signatures to the statement in alphabetical order: 1 - Iranian Workers Free Trade Union 2- Committee to Pursue the Establishment of Workers’ Organizations in Iran 3- Labor Rights Defenders Association 4. Coordinating Committee to Help form Workers’ organization 5. Sugarcane Workers’ Union of Haft Tapeh 6. Painters’ Union of Alborz Province 11/03/2015. http://www.socialistworld.net/doc/7124] AJ

Undoubtedly, the workers and the honourable people of Iran response to all these questions is negative. Thus it is the workers and other working people who never sit silent in defence of human dignity and that despite the arrests and imprisonment, trial and prosecution, find some way to act whether by writing a petition, striking or protest. We demand an end to the present miserable conditions. But the workers in this country have not a right to life. The imposition of a minimum wage so that the old cycle of abuse , every year, with handmade puppets like government’s organizations and the violation of Article 41 of the Council of work with the most oppressive forms repeat and millions of working class families are more at risk of poverty , are increasing. The continuation of this unstoppable cycle of oppression imposed on the workers’ standard of living over the years and decades to the extent that even today, while the minimum wage of 608,000 Toman (about US$ 180), many of them even do not receive the minimum wages. According to the expert and the formal institutions of government an expenditure basket for a family of four, is more than three million Toman (about US$ 900), and thus the survival of our workers is impossible.

Therefore, on the basis of these confirmed and undeniable facts and remembering the recent protests by teachers and workers in the automotive industry and public workers, we the signatories of this statement declare our unswerving determination to have a life in accordance with the necessary standards. We urgently declare to the government and the owners of capital that if this gap between the minimum wage basket and indignity of 608,000 Toman wage is not bridged, the protests will become deeper and wider each day. We rely on the strength of our alliance will not hesitate a moment to defend their livelihoods.

### Iran Politik 15

#### Inherency

Iran Politik 3/18 [Iranian workers and the 1394 minimum wage: One step forward? March 18, 2015 in Analysis, News. Iran Politik, the Iranian Political Analysis Project. http://www.iranpolitik.com/2015/03/18/analysis/iranian-workers-1394-minimum-wage-step-forward/] AJ

Rouhani’s campaign promise is based on Article 41 of the Labour Law, which states that every year the minimum wage must increase according to: (1) the official annual inflation rate and (2) the cost of living of a medium-sized family, declared as an average figure but set on a city-by-city basis to reflect differences in local living costs. As the regime’s own labour representatives in the Iranian Labour News Agency (ILNA) have lamented, while this year’s wage raise is a positive step, it falls short of meeting Iranians’ actual day-to-day needs. Writing in ILNA, Isfahan Sepahan Cement labour representative Mehran Jafari explains that the minimum wage raise is not “exceptional” and that in order for the Rouhani administration to have met it’s promise for both of the years it has been in power, the minimum wage must be raised by 25 percent rather than just 17 percent.

Moreover, according to official statistics next year’s official minimum wage would fall short of the cost of living of a medium-sized family. The Iranian parliament’s labour faction on 25 November 2015 cited Iran’s Center for Statistics and Central Bank as having set the cost of meeting the needs of a medium-sized family at 18,000,000 and 25,000,000 rial/month respectively. When one considers that, according to official statistics, the poverty line for a four person family is set at 16,000,000 rial/month it becomes clear that next year’s minimum wage of 7,124,240 rial/month falls far short of meeting Iranian worker’s most basic needs.

What is more, this snapshot analysis cannot tell the full-story of the difficulties that Iranian workers are facing. For instance, the official statistics may underestimate both the inflation and cost of living, some public and private enterprises may not abide by the official minimum wage, and many households in the country still have only one working adult.

Iran’s working class, which according to at least one source may number approximately 13 million working adults and millions more dependents, has faced a steady decline, especially since 1989 when Iran began implementing market reforms in line with trends at the global level. In more recent years, public sector privatisation, economic mismanagement, sanctions, and increased cheap imports from countries like China and India haveundercut employment in industries across the board. Under the populist Mahmoud Ahmadinejad administration, these trends accelerated and worker’s conditions arguably did not improve, although long-existing policies like public healthcare and newer policies like cash handouts from subsidy reform have softened the blows somewhat.

What is surprising is that Iran’s working class, despite its dire condition and potential economic and political clout, remains vastly under-represented in Iran’s political elite. Although official labour organisations exist, they are far from independent representatives of the nation’s workers, whose own autonomous organisations have been systematically repressed. And keep in mind that even these official labour organisations are dissatisfied with the government’s performance thus far.

#### Rouhani has still failed to live up to the expectation

The Islamic Republic of Iran’s trilateral commission responsible for managing the minimum wage, composed of representatives of the government, employers, and workers, met on 14-15 March 2015. They decided to set the minimum wage at 7,124,240 rial/month for the 1394 (2015-2016) calendar year, a 17 percent rise over last year’s minimum wage which Minister of Labour Ali Rabi’i called an “exceptional” achievement that is good for Iranian workers. This is an important step for the Hassan Rouhani administration toward fulfilling its campaign promise of increasing worker’s wages in tune with the official annual inflation rate, which for the current 1393 (2014-2015) calendar year is 15 percent.

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### ILR 10

#### Wages way too low – they should be tied to inflation

ILR 10 [New Minimum Wage Rate Spurs Widespread Indignation. Iran Labor Report, March 16 2010. http://www.ilo.org/dyn/travail/docs/866/2010%20Minimum%20wage%20rate%20-%20Iran%20Labor%20Report%20160310.pdf] AJ

Considering the high rate of inflation in the coming year, estimated to be up to 25 percent, along with plans to eliminate subsidies, many representatives from labor organizations have spoken out against the new minimum wage rate.

Mahjoub of “Labor House” stated that the minimum wage for the year 1389 (the new Iranian year) should not be less than 526 US dollars per month. Hassan Sadeghi, head of the veteran workers council, described the announced rate as a mean of imposing poverty on the workers. Mokhtari, the head of Tehran Municipality Workers Union, termed the rate to be only good enough for the workers’ “transportation and breathing needs,” and asked the High Council how they had arrived at this rate. According to him, the workers will be forced into secondary jobs in order to supplement their expenses, which will result in a reduction of the workers’ productivity. He asked whether the members of the High Council would be able to sustain life on such a wage. Ali Akbar Eivazi, the Wages Committee head of Tehran Islamic Labor Council said that “the average monthly expenses for a workers’ family in Iran is 526 US dollars. With the set minimum wage there is no difference between the employed and unemployed as neither will be able to make ends meet”.

While the rate is unacceptable to working people, this rate is not even guaranteed for daily, construction, seasonal, and contract workers. According to the “Mehr News Agency” economic report, there are about 7.5 million workers that will be covered by the new minimum wage rate. That leaves the rest of the work force outside this jurisdiction.

Meanwhile, the new budget passed through the parliament has not provided for any wage increases for government employees. While considering the rate of inflation, and the expenses rate, the government should adjust the wages accordingly.

Kaveh of the Ad Hoc Council of Isfahan Steel Workers in an interview with “Radio Farda” said: “The minimum wage should be set higher than the poverty line”. Pointing to the fact that “the issue of the wages can not be viewed outside the economic and political situation in the country and the balance of forces between labor and capital”, he said that “in the current balance of forces, the workers’ struggle is on this same wages under the poverty level and there are numerous workers who have not received wages for months and even worse have been terminated from their jobs”.

According to Kaveh, “therefore, the workers struggle is still few steps behind the demand for increase in wages and in such a situation, even if the government increases wages a bit, the employer using terminations and downsizing will resist them. Hence, with a lack of general workers organizations and the low level of class consciousness, neither the government nor the private sector will take the just demands of the workers seriously.”

### Moughari 13

#### Solvnecy advocate – bam

Moughari 13 [Karimi Moughari, academic staff member and member of the Women's Studies Center at the University of Mazandaran. Minimum Wage Legislation and Informal Employment: The Case of Iran. Global Labour Column, 2013. http://column.global-labour-university.org/2012/12/minimum-wage-legislation-and-informal.html] AJ

The International Labour Organization and many labour economists believe ‘labour force’ should not be mentioned as a production input and the income of the workforce must not be set by the outcome of supply and demand in the labour market, because the welfare of human beings is the ultimate goal of economic growth and development. So, labour should not be regarded as a ‘commodity’.

Economic systems must guarantee living wages for decent work. Minimum wage legislation is one of a number of important mechanisms used to support workers against the risk of absolute poverty caused by market wages. While the goals associated with minimum wages are right and proper, minimum wages cannot be effective for most unemployed people who cannot survive without jobs and prefer to work with wages lower than the formal minimum rather than remain unemployed for a long time. Therefore, the existence of informal employment is inevitable, especially when unemployment is rising.

Iran has a long history of minimum wage legislation since 1946. However, despite the emphasis of the Labour Law, jobs with wages lower than the formal minimum have increased rapidly in small, medium and even large enterprises, especially over the past two decades. As Iran’s economy does not perform soundly and labour market institutions are not efficient, the Iranian government does not ensure the enforcement of the formal minimum wage. Therefore, low-paid jobs and informal employment is expanding.

#### Oil revenue reliance kills the Iranian economy

Furthermore, during the period 2000-2007, oil revenues increased from less than US$20 billion to more than US$80 billion. Facing the challenge of rising inflation, the Iranian government did not adjust exchange rates according to the difference of domestic inflation rates and the inflation rates of its trading partners. Due to the appreciation of domestic money in real terms, imports of relatively cheap consumption goods became highly profitable; and because of high imports, the job opportunities in Iran were outsourced to other countries, such as China, Korea and India. Many workers lost their jobs, especially in large firms (with more than 50 employees) in the industrial sector that faced harsh competition from Chinese commodities. The highest employment decline was experienced in the textile, clothing and leather industries (Table 1).

#### Bargaining power and strong macroeconomic development key to enforcement rights

To investigate the changes in formal and informal employment, we used detailed data from the “Household Income and Expenditure Survey” conducted by the SCI in 2005 and 2008, and calculated the size of informal employment (jobs paying less than minimum wage). We did not count self-employment as we used wage data and could not calculate the wage share of the total income of the self-employed among the workforce in our sample.

Unemployment rates in our studied sample, 16% in 2005 and 18.2% in 2008, were higher than the results of official Unemployment Surveys[1]. However, unemployment rates for men (13.3% in 2005 and 14.9% in 2008) were lower than women (30% and 35.4% respectively). Our sample data shows clearly that economic stagnation and high unemployment rates have forced workers to accept low-paid jobs. As Table 2 indicates, between 2005 and 2008 the share of workers in the lowest paid jobs, less than formal minimum wage, increased considerably.

In 2005, 18.7% of employed workers in the sample received less than formal minimum wage; this rate for women and men was 25.8% and 17.6% respectively. In 2008, the share of low paid jobs, with wages lower than the formal minimum, increased to 24.5%. So, similar to unemployment rates, the share of informal employment among women in 2008 (29.9%) was higher than men (23.5%). However, in this period, informal employment expanded for both sexes; yet the share of women who had to accept jobs with wages less than half of the formal minimum wage (18.4% of all employed women) was more than double that of men (9.1%). The stereotypical belief, that women are not breadwinners and only need pocket money, justifies very low wages for women in modern stores, offices, clinics and even large food and textile factories.

In 2008, about a quarter of male and one-third of female wage earners had to accept wages lower than the formal minimum. By adding the share of the self-employed workforce that generally have low incomes and are most likely out of the realm of Iran’s Labour Law, the share of informal employment rose to more than 55% – in line with the results of Raghfar’s (2011) study which showed male members of 70% of Iranian households in absolute poverty are in informal employment.

Workers’ families tolerate the heavy burden of stagflation that is caused by international economic sanctions, the global economic crisis and the Iranian government’s unsound economic policies. The increasing unemployment rate compels growing numbers of unskilled, semi-skilled and even skilled workers to accept wages less than the formal minimum and legislative minimum wages cannot stop the real wage downward slope. In the absence of collective bargaining of strong employees’ and employers’ associations and a favourable macroeconomic environment, a legal minimum wage cannot be enforced and decent life cannot be accessible for workers and their families.

### Rasekh 13

#### The minimum wage decreases poverty – this study slays them

Rasekhi 13 [Nima Rasekhi (Islamic Azad University – South Tehran Branch), Sima Kalami (Islamic Azad University – South Tehran Branch). “The Study of Minimum Wage Effect on Poverty in Iran.” J. Basic. Appl. Sci. Res., 3(4)945-957, 2013] AJ

The minimum wage is a symbol of working force which is remembered as a remedy for workers’ services. This minimum wage is paid without considering work condition in order to provide the basic needs of workers. Minimum wage is a valuable means to fight against poverty. This research is a case study which studies the effect of wage on poverty in Iran. The cities selected here are; Tehran, Isfahan, Fars, Boushehr, western Azerbaijan, Gilan, Mazandaran, Kermanshah, Kerman and finally Sistanand Balouchestan. These studies have been done during 18 years based on fixed effects model and Levin-Lin-Chu test. Here Gini coefficient is the index to calculate poverty. This research showed that the minimum wage had negative relation with Gini coefficient. Results showed that the minimum wage led to decrease of Gini coefficient logarithm.

#### It accounted for unemployment rates and poverty still decreased

In this research, model estimation was considered, results of model estimation showed that increasing minimum wage leads to decrease of employment, then Gini coefficient of dependent variable was estimated and results showed that with increase of minimum wage, Gini coefficient decreases and it means that increasing minimum wage leads to decrease of poverty.

#### Study uses panel data

The method used in this research is estimation based on panel data. There are other names for panel data such as combined data which is a combination of time series and cross- sectional data, micro panel micro data, longitudinal data and analysis of event history. Based on Baltagi’s statement, panel data refers to combining cross- sectional observations of families, companies, countries and so forth during several time series.

According to this definition panel data not only considers independent variable based on data related to one province, but also considers it in accordance with other provinces.

Other indexes could be used as the basis of adjustment. For instance, minimum wage could be adjusted as an average of wages; however, the problem is that this index is effective on the average wage by itself. Usually there is no certain time period for adjustment. This period depends on inflationary condition of country. Usually time periods are reviewed based on minimum wage and in a logical, highly inflationary condition. This fact may also happen based on an annual period. Based on the report of international organization of employment, the reaction of companies to the minimum wage are different. One of the reactions is that companies may take advantage of workers with the minimum wage to do the hard jobs, they may also make remedy for the effects of the policy of minimum wage with decreasing other costs.

#### Prefer panel data – 6 warrants

Baltagi mentioned advantages of panel data, these advantages are represented here:

1. Since attention of panel data to individuals, companies, states, and these units is based on time period, variance difference is limited among these units.

2. Via combining observations of time series and cross- sectional data, panel data represents estimations with more information, less similar linearity, more degree of freedom and finally more efficiency.

3. According to cross- sectional and repetitive observations, it is true to say that panel data is better for studying changes in a better way.

4. Panel data provides a better condition for investigating unemployment period, employment circle, and work force.

5. Panel data determine effects which are not observed easily in time series data and cross- sectional data. For instance, it provides a better condition for determining effects of minimum wage rules on employment and revenue.

6. Panel data enables us to study more complicated models. For example, in comparison with time series data or cross- sectional data, panel data is able to study phenomena such as technological changes in a better way.

Panel data can decrease inflation that might be caused by considering all individuals and enterprises.

#### Here’s the methodology

The purpose of this research is to show that the increase of determined minimum wage by related organizations could help to destroy the absolute poverty. This political tool also could decrease relative poverty to some extent, and then as a result, living condition of workers’ families would be improved. Since this research represents a true perception of results of this research to the official members, then it could be used by social insurance organization and the ministry of employment and public affairs. In this research the following issues are also considered.

- Study and recognition of approaches of determining minimum wage in Iran and in the world.

- Study and analysis of effects of minimum wage on poverty.

The present research has used a combination of descriptive method, experimental method and cause and effect

method. After reviewing theories of study, experimental study was done, theories of the present research was studied first, then with modeling the capacity of wage would be calculated according to the minimum wage and via usage of Nepal data, then the effect of changes of minimum wage on workers employment would be calculated and certainly the panel data technique would be used to achieve equations. The software EVIEWS is used in this research to achieve regression models.

Here there is the summery of research method:

- In organizing seasons and texts the analogical method based on scientific argumentation has been used.

- Analogical method is also used to study theories and opinions.

- The study of subject and works and studies of economists is done based on library approach.

- The source of information in this research is collected from informative banks of central banks and

statistics center of Iran and published information by other official centers, here is a list of information which is collected.

- Minimum wage data: the unit of remedy for services of employment and public affairs ministry.

- The index of price of consumptive goods and services: central bank of Islamic republic of Iran.

- Gross domestic product (GDP), employment, unemployment, population, and wage average” Iran statistics

center.

- The classification of provinces based on achieved information is done by Iran statistics center and the

temporal period is related to years 1991- 2009. https://books.google.com/books?id=9u7lyTLF4oUC&dq=iran+minimum+wage&source=gbs\_navlinks\_s

#### How do we set MW? This is mostly speculative

One of the important issues in the era of determining the minimum wage is the amount of adjustment in accordance with changes of other economic indexes. Usually the minimum wage is determined with the purpose of meeting the least life needs of a family. This determination should be in accordance with consumption patterns; here consumption patterns include economic, social, and cultural aspects in countries where the index of price is used as a proper index for this sort of evaluation. But the question is whether it happens in reality? The function of countries in this era clarifies how the minimum wage is determined and whether with the policy of minimum wage related to competitive economy, social purposes are met?

One of the indexes discussed in the adjustment of minimum wage is evaluation based on the ratio of minimum wage to the average of wages. The purpose of minimum wage is to improve the average wages and to decrease the wages gap. The mentioned index declares whether this gap is decreased or not.

The base to determine minimum wage in Iran

The issue of minimum wage has always been a logical necessity in employment law of Iran. However, historical evolutions happening in approaches of determining the minimum wage in Iran shows the changes in effectiveness of minimum wage on employment in Iran. Now we take a glimpse at these evolutions.

Moreover, the ratio of minimum wage to some vital indexes such as life cost, the real growth rate, and work productivity is analyzed.

What group does the minimum wage influence? What are the features of this work force from the viewpoint of gender, education, individuality and job? Minimum wage is influential on evaluating the income of insurance rights of social insurance organizations. The minimum wage is affected by evolutions of work condition. The other question is whether minimum wage helps to destroy poverty of vulnerable classification of workers. Answer to this question depends on the effect of minimum wage on the index of employment. Then here this point is mentioned that if the number of workers losing their jobs due to the policy of minimum wage is more than the amount of increase in wages, then the minimum wage will not improve social welfare, moreover, it will worsen the condition of society.

#### Corrective measures counteract cap’s harmful effects

Pure capitalism believes in freedom of act and economic activities, therefore, it does not let the government interfere in planning for destruction of poverty. The motto “Laissez passes” emphasizes this fact; this motto was first considered by Physiocrats and later by classics. Adam Smith, the leader of classic school believed that direct interference of government in economic activities just decreases the public welfare and productivity. However, there are defenses from capitalization economists trying to say fighting against poverty is an internal fight through capitalism economy. For instance we can remember the principle of agreement between personal advantages and public advantages. However, experience shows that the result of capital systems has been the division of people into two categories, poor people and rich people. The advocates of capital system accepted this fact, and then tried to find ways in order to fight against poverty and its destructive effects. The most obvious solution is establishment of social security organizations. Today, after discovering the huge problem of capitalism, declared even by Marx, the application of non-capitalized methods has led to fairly distribution of incomes and decrease of poverty.

### FIDH 13

#### no opportunity for collective organizing in the squo

### Bashiriyeh 12

#### The state uses oil revenues and low wages to control the people – case solves, CP exacerbates the problem

Bashiriyeh 12 [The State and Revolution in Iran. Hossein Bashiriyeh. Taylor & Francis, Apr 27, 2012. https://books.google.com/books?id=9u7lyTLF4oUC&dq=iran+minimum+wage&source=gbs\_navlinks\_s] AJ

### USILive 15

#### Iranian teachers aff?

USILive 2/5 [Iranian teachers continue their fight for Living Wage. February 5, 2015. https://usilive.org/iranian-teachers-continue-their-fight-for-living-wage/] AJ

Teachers in Iran are continuing their fight for a living wage. Many teachers across the country struck last month for two days, but others are continuing to refuse to return to work until their demands are answered.

The poverty line salary in Iran is about $578 a month, yet most teachers in the country earn less than $376 according to reports.

Teachers say they do not understand why government has increased the budgets of other departments by 60% yet the education budget has only increased by 20% – lower than the rate of inflation which has been as high as 40% in the past two years. Of course the cut to budgets affects school supplies and conditions of work for teachers and students as well as teachers’ pay.

Teachers in three towns are continuing with their strike. This is particularly brave, since, as we reported last week, teachers unions are persecuted in Iran, with many activists imprisoned and some even executed, like Farzad Kamangar, pictured above who fought for the rights of women and minorities in the country.Teachers there face the same problems as many of their colleagues all over the world – in particular temporary contracts and low pay. But in addition they face repression of their organisations and danger to themselves. As a previous statement by the teachers union put it: “The teachers, despite all the challenges, continuously try to educate the children of this country, but prison, rope, exile and sacking is their reward. They are not allowed to freely express their ideas.”

#### 

# Philosophy = Poop

## Property Rights

### CATO

Trololololol

#### Constitution says property first

Pilon 09 [Roger Pilon (founder and director of Cato’s Center for Constitutional Studies, BA from Columbia University, an MA and a PhD from the University of Chicago, and a JD from the George Washington University School of Law). “CATO Handbook for Policymakers, 7th Edition.” CATO Institute. 2009] AJ

America’s Founders understood clearly that private property is the foundation not only of prosperity but of freedom itself. Thus, through the common law, state law, and the Constitution they protected property rights—the rights of people to freely acquire, use, and dispose of property. With the growth of modern government, however, those rights have been seriously compromised. Unfortunately, the Supreme Court has yet to develop a principled, much less comprehensive, theory for remedying those violations. That failure has led to the birth of the property rights movement in state after state. It is time now for Congress to step in—to correct its own violations and to set out a standard that courts might notice as they adjudicate complaints about state violations.

The Constitution protects property rights mainly through the Fifth Amendment’s Takings or Just Compensation Clause: ‘‘nor shall private property be taken for public use without just compensation.’’ There are two basic ways government can take property: (1) outright, by condemning the property and taking the title; and (2) through regulations that take uses, leaving the title with the owner—so-called regulatory takings. In the first case, the title is all-too-often taken not for a public use but for a private use; and rarely is the compensation received by the owner just. In the second case, the owner is often not compensated at all for his losses, and when he is the compensation is again inadequate.

#### Property is the freedom of all rights

Pilon 09 [Roger Pilon (founder and director of Cato’s Center for Constitutional Studies, BA from Columbia University, an MA and a PhD from the University of Chicago, and a JD from the George Washington University School of Law). “CATO Handbook for Policymakers, 7th Edition.” CATO Institute. 2009] AJ

It is no accident that a nation conceived in liberty and dedicated to justice for all protects property rights. Property is the foundation of every right we have, including the right to be free. Every legal claim, after all, is a claim to something—either a defensive claim to keep what one is holding or an offensive claim to something someone else is holding. John Locke, the philosophical father of the American Revolution and the inspiration for Thomas Jefferson when he drafted the Declaration of Independence, stated the issue simply: ‘‘Lives, Liberties, and Estates, which I call by the general Name, Property.’’ And James Madison, the principal author of the Constitution, echoed those thoughts when he wrote that ‘‘as a man is said to have a right to his property, he may be equally said to have a property in his rights.’’ Much moral confusion would be avoided if we understood that all of our rights—all of the things to which we are ‘‘entitled’’—can be reduced to property. That would enable us to separate genuine rights—things to which we hold title—from specious ‘‘rights’’—things to which other people hold title, which we may want. It was the genius of the old common law, grounded in reason, that it grasped that point. And the common-law judges understood a pair of corollaries as well: that property, broadly conceived, separates one individual from another, and that individuals are independent or free to the extent that they have sole or exclusive dominion over what they hold. Indeed, Americans go to work every day to acquire property just so they can be independent.

## NC

### Figart Cards

#### Wages as price/social practice exclusive with wages as living

In our examination of the regulation of wages in the twentieth century United States, we pay a great deal of attention to the arguments among academics, regulators, and social reformers about the definition of a fair wage for women and men. These arguments reflect differing assumptions about the process of wage setting in general and the setting of women’s and men’s wages in particular. Rather than assigning priority to one narrow view of wage setting, we have discerned three simultaneous aspects of wages that can be woven together to help build a richer understanding of the politics, process, and meaning of wage setting. We label these (1) wages as a living, (2) wages as a price, and (3) wages as a social practice.

#### Gendered idea of living wage + a2 wages a living is not living wage

Economic theories emphasizing wages as a living begin with the premise that the wage paid to labor must be sufficient to guarantee the continuing health and productivity of the worker. More than this, the wage must enable the working class to raise a healthy and productive next generation, to “repro- duce” itself over time. Arguments for wages as a living are often expressed normatively, in terms of considerations of fairness. But the concept of wages as a living has also been employed analytically, as a precondition for the efficient and effective functioning of a market-based economic system. Clas- sical economists of the eighteenth and nineteenth centuries in particular tended to argue that the economy could not flourish without an adequate supply of laborers. And an adequate supply of laborers could not be guaran- teed over time unless wages allowed for the reproduction of the working class.

Even analytic arguments for a living wage, however, have to address the question of what, exactly, constitutes a “living.” Unless it is viewed as a biological minimum below which survival is unlikely, the living wage is a social construct, based on the historically specific, accepted standard of liv- ing for the working class. Further, the notion of a living is gendered and racialized, as social understandings of an appropriate wage have varied his- torically according to the sex and race of the worker. Both its social nature and its gendered and racialized content make the concept of the living wage a potent subject of contention, as we will document in the chapters that follow.

#### Cap k link?

In Volume I of his major three-volume economic analysis, Capital, first published in 1867, Karl Marx developed a theory of wages that built upon Smith’s classical conception of wages as a living. However, Marx placed his analysis more firmly within the historically specific and contentious relation- ship between capitalist employers and workers. Throughout human history, people have needed to combine their labor with natural materials in order to create use-values, products on which they can subsist. Marx described this labor process as the “everlasting Nature-imposed condition of human existence” (1967: v. I, 184). The organization of production, and the resulting relationships among people, are historically specific human constructions. Wage labor as a widespread and systematic practice, Marx argued, was unique to capitalist production. It could only occur when substantial num- bers of workers appeared, willing to offer to sell their labor power (ability to labor); and this could only occur under two concrete historical circum- stances. First, workers had to be in possession of their own labor power. They could not be either slaves or serfs, neither of whom could freely offer their labor power for sale. And second, they had to have nothing to sell except for their labor, nor could they be in a position to use their own labor power to produce commodities for sale (1967: v. I, 168–9). Both of these conditions came together with the development of capitalism, as industrial- ization drove independent craft producers out of business and the trans- formation of agriculture moved former serfs off the land. Marx emphasized that this process, unlike the labor process in general, was human- constructed: “Nature does not produce on the one side owners of money or commodities, and on the other men possessing nothing but their own labor-power” (1967: v. I, 169).

Once labor power became a commodity, commonly offered for sale in the market, it commanded a systematic price, arrived at by the same principle as other commodities. Where Marx differs from neoclassical theories of wages as a price, however, is in the nature of how commodity prices are set. For Marx as for many other classical economists, the inherent value of commod- ities was proportional to the labor time required to produce them. (This was termed the labor theory of value.) A wage, then, had to reflect the labor embedded in the commodities and services required to produce the worker’s labor power – in other words, the necessary living expenses of the worker. In a passage very reminiscent of Smith, Marx noted that this living wage had to be sufficient not only to support the worker, but to support his children as well “in order that this race of peculiar commodity-owners may perpetuate its appearance in the market” (1967: v. I, 172).2 The exact amount considered sufficient to reproduce the worker’s labor power over time would depend on the historically specific standard of living for members of the working class. This standard, of course, could be a point of contention between workers and capitalists. Marx had little illusion about the tendency of employers to drive down living standards whenever possible.

#### Wages as price is pretty much neoclassical economists jerking themselves off

Theorists who view wages as a price emphasize the workings of supply and demand in the market. As we have seen, the role of markets in setting wages was acknowledged by proponents of wages as a living as well. Yet they viewed a socially determined acceptable living as a base toward which, how- ever they might fluctuate, wages would (or should) return. For the price theorists surveyed in this section, wages did not reflect socially designated living standards, but rather the value of the work performed. Neoclassical economists came increasingly to view markets as smoothly functioning entities in which all participants would receive a share reflecting their true value. Institutional economists, in contrast, viewed markets as imperfect institutions in which differentials in power and access to information would critically affect distribution. Labor markets were augmented by administra- tive practices within firms as well as by custom. Both neoclassical and insti- tutional schools, however, shifted the focus of wage theory to the level of the firm.

#### Perm ev against wages as price

Although they are posed as alternative theories, viewing wages as a price need not be inconsistent with viewing wages as a living. As indicated in concrete studies of wage setting by neo-institutionalists, the process of set- ting wages is complex and historically specific, with both market forces and cultural views about what is owed to workers playing central roles. Further, wages are a social practice. How much one earns is central in determining one’s place in society, and societal norms about behavior and place are his- torically strongly affected by cultural notions of gender, race-ethnicity, and class. Wages have been used to signify and to enforce accepted places for different social groups; and groups in their struggles to free themselves from social oppression have demanded that their wages be established on a differ- ent basis. Feminist theorizing, to which we turn in the next chapter, has been central in understanding such social practices.

#### All 3 views of wages play a role – p.211

Figart 02 [Deborah M. Figart is Professor of Economics at Richard Stockton College, New Jersey. Ellen Mutari is Assistant Professor of General Studies at Richard Stockton College, New Jersey. Marilyn Power is a member of the Faculty of Economics at Sarah Lawrence College, New York. “Living Wages, Equal Wages: Gender and labor market policies in the United States.” Routledge, London. 2002] AJ

To develop a feminist political economy framework, we have relied upon the groundwork established by institutionalist and radical economists and by feminist theorists. Our multidimensional approach not only allows us to tell a richer and less deterministic story, it also highlights the differing experiences of wage earners by gender, race-ethnicity, and other salient characteristics. The three faces of wage setting identified at the outset of our journey through twentieth century wage policies and practices are meant to call attention to these dynamics. They are not intended as neces- sarily competing frameworks, but as different dimensions of the wage- setting process that economic actors have chosen to underscore to greater or lesser degrees. In our view, each of these dimensions – wages as a living, wages as a price, and wages as a social practice – captures important elem- ents that interact with each other in a given place and time. Figure 10.1 illustrates these interactions, providing a framework for understanding wage-setting processes. Wages as a living refers to the concept of setting wages according to socially defined appropriate living standards in order to maintain the reproduction of the labor force and macroeconomic growth. Classical political economists such as Marx emphasized that the relative bargaining power of capitalists and workers at the level of the economy as a whole determined how these living standards were defined. Systemic needs, for social reproduction and sustain- able growth, also influence living standards. Therefore, in our diagram, bargaining power and macroeconomic dynamics are depicted as factors determining the level of appropriate living standards. Bargaining power itself is influenced by many factors, including the level of employment, the degree of unionization, and technology. As the price of an input to the production process, wages are a cost that must be offset by an at least equal benefit to the individual employer pur- chasing labor services – the equality of exchange. This benefit is the revenue gained by selling labor’s product. Market mechanisms, specifically adjust- ments in the quantity of labor supplied and demanded, are hypothesized to regulate wages until costs and benefits are equalized. Labor markets are there- fore depicted in the figure as factors determining wages as a price. Demand for labor, for example, in neoclassical analysis, is primarily based upon the mar- ginal productivity of workers and the structure of product markets that influences the revenue earned by selling labor’s product. Job evaluation sys- tems can also be used to set relative wages within firms; however, as we saw in Chapter 7, these are often designed in a way that replicates market wages outside the firm. We have identified wages as a social practice because they are a means of reinforcing or redefining how women and men of different classes, races, and ethnicities should live. Factors influencing social practice therefore include gender, race-ethnicity, and class identity. During much of the twentieth cen- tury, the male breadwinner family was a hegemonic archetype and institution for situating not only one’s gender, but also one’s race-ethnicity and class identity as well. Social practices are organized by gender, class, and race- ethnicity in the workplace, the union hall, the welfare office, and other locations in addition to the family. All three dimensions of wages – living, price, and social practice – influ- ence the level of workers’ current wages (the center of the diagram). Since there are feedback effects between current wage levels and the three dimen- sions, the arrows are bi-directional. The state is positioned on the left side of the diagram as an institution influencing the seven factors we have identified. The type of market system, for example laissez-faire or welfare state capital- ism, is structured in part by the state. Specifically, labor markets are con- structed through a political process that is aided and abetted by government policies and programs. As we have seen in our analysis of wage regulations in the twentieth century, the state affects workers’ and employers’ bargaining power and the macro economy. Its actions influence social practices that define living standards. Through entities such as the National War Labor Board, the state has also influenced administrative procedures within firms such as job evaluation. Other institutions – unions, employer organizations, families, for instance – impact these processes, though we highlight the state because of our focus on wage regulation. Figure 10.1 also indicates that none of the three dimensions of wage setting exists in isolation from the others. In contrast with neoclassical models that isolate the price dimension of wages, our framework places labor markets within a larger context. For example, the economics literature on discrimin- ation, like the implicit wage theories used by advocates of pay equity, can be seen as constructing an argument that the wages of certain groups are not set at the appropriate price. (For an overview of labor market discrimination theories, see Figart 1999.) Because wages are a social practice as well as a price, other considerations besides a rational economic calculus of costs and benefits enter into the process. According to mainstream economists, dis- crimination interferes with fair wage setting by violating the equivalency of productivity and remuneration. Gary Becker has proposed that individuals (either employers or coworkers) may have an irrational “taste for discrimin- ation,” developed outside the labor market, that causes the employers who have or cater to such tastes to pay a wage premium for desirable workers. Uninhibited market forces should punish such discriminators, according to Becker, since nondiscriminating firms that do not pay a premium would be more competitive.

# Cards

## Definitions

### LW Basic Def

#### Maloney 13 defines the living wage:

Maloney 13 [Tim Maloney (Auckland University of Technology), Amanda Gilbertson (Research, Investigations and Monitoring Unit, Auckland Council). “A Literature Review on the Effects of Living Wage Policies.” Auckland Council Technical report, TR2013/034. August 2013] AJ

The living wage is often defined as the wage necessary to provide a full-time, year-round worker and his or her family with the sufficient income to ensure an adequate standard of living and the ability to fully participate in society.

#### Continues:

There are a number of common features of living wage laws around the world. Firstly, they have limited coverage. Unlike minimum wage laws that provide a universal wage floor, living wage ordinances cover specific groups of workers often within narrow geographic boundaries. Secondly, they set relatively high wage floors, often 30% or more above the national minimum wage. Thirdly, they are motivated by an explicit attempt to reduce poverty rates by setting a wage consistent with a minimum standard of living. Not all living wage laws are the same. They vary primarily in terms of worker coverage. For example, the vast majority of living wage ordinances in the U.S. cover only city government contractors, or both contractors and employers receiving some form of business assistance. Very few cities have living wage provisions that cover their own employees, and attempts to extend living wage laws to all workers within a metropolitan area have thus far been unsuccessful. This is an important consideration in understanding how the overseas empirical evidence on living wage effects might be applicable in New Zealand. The London Living Wage, that contains the same voluntary elements of some New Zealand proposals, has not been subject to the same level of analysis as the U.S. laws.

#### LW Def

Devinatz 13 [Victor G. Devinatz (Department of Management and Quantitative Methods, Illinois State University). “The Significance of the Living Wage for US Workers in the Early Twenty-First Century.” Employ Respons Rights J (2013) 25:125–134. 24 March 2013] AJ

Defined as a wage based on a calculation of the official poverty threshold for a family of four, the living wage is centered on the concept that people who work full-time jobs, and their families, should not be forced to live in poverty. Although the struggle for a living wage has its historical roots in the fight for the establishment of minimum wage laws in the early decades of the 20th century, the first success of the present-day living wage movement dates to 1994 with its implementation in Baltimore (Levin-Waldman 2005, pp. 3–4).

## Aff Cards

### Inequality UQ

#### Inequality and low wages are growing problems

Devinatz 13 [Victor G. Devinatz (Department of Management and Quantitative Methods, Illinois State University). “The Significance of the Living Wage for US Workers in the Early Twenty-First Century.” Employ Respons Rights J (2013) 25:125–134. 24 March 2013] AJ

Wage inequality has been rapidly increasing in the United States over the last 40 years. From 1973 to 2007, for example, the average income of the top one-hundredth of the top 1 % climbed in excess of $30 million or a startling 758 %. The bottom 90 % of the wage distribution was much less fortunate. This group’s average income over these 34 years rose only $286 or under 1 %. This means that their average yearly increase amounted to a measly $8.41 (Johnston 2009). In addition to this widening wage inequality, during the Great Recession of 2007 to 2009, which was made substantially worse by the Financial Crisis of 2008, 40 % of the jobs that vanished were in high-wage industries, characterized as positions that compensated employees, on average, from $19.05 to $31.40 per hour (National Employment Law Project 2011, p. 1). Over the last 3 years, jobs have slowly been returning to the U.S. economy after the hemorrhaging of hundreds of thousands of jobs throughout the latter part of 2008 and the first few months of 2009. Many of these newly-created positions, however, are found in low-wage industries (ranging in pay on average from $9.03 to $12.91 per hour) which comprise 49 % of recent job growth (National Employment Law Project 2011, p. 1). And with the current unemployment rate of 7.9 % (February 2013), it is still difficult to land any job, much less one that pays well. One major problem is that many of these recently-created jobs do not pay enough to cover their employees’ living expenses. Based on a Wider Opportunities for Women report from 2011, single workers need at least $30,000 a year to meet the required cost of living. With regards to single parents who have two children and for two-income households, the yearly salaries needed to meet necessary expenditures, including childcare, rises to $58,000 and $68,000, respectively (Wider Opportunities for Women 2011, p. 5). Given that the U.S. minimum wage is currently at $7.25 per hour, working 40 h per week for the entire year grosses $15,080 annually which is far below the amount that even single workers require for the basic necessities. Combining these employment and wage statistics with the fact that, according to the Bureau of Labor Statistics, in 2011 approximately 48 % of Americans were classified as poor or low income (Seales 2011), it is little wonder that so many people are experiencing a high level of insecurity in a land of accelerating economic inequality. Since the minimum wage, as has been demonstrated, is far from adequate in serving as a wage floor, a modest alternative, the living wage, can play this role for many US workers early in the twenty-first century’s second decade. Defined as a wage based on a calculation of the official poverty threshold for a family of four, the living wage is centered on the concept that people who work full-time jobs, and their families, should not be forced to live in poverty. Although the struggle for a living wage has its historical roots in the fight for the establishment of minimum wage laws in the early decades of the 20th century, the first success of the present-day living wage movement dates to 1994 with its implementation in Baltimore (Levin-Waldman 2005, pp. 3–4). Economic changes in the latter part of the twentieth century have contributed to the growth of living wage movements and the passage of corresponding statutes within the last 20 years. Over the last several decades, federal and state minimum wages have failed to match increases in the cost of living, resulting in these poorly paid workers falling well below the poverty line. Additionally, beginning in the 1990s, many public services once provided by municipal governments have been privatized and outsourced. This has resulted in the transfer of thousands of government jobs to private- sector contractors who are able to pay their employees considerably less because they are neither bound by civil service rules nor union contracts (Pollin et al. 2008, p. 16; Levin- Waldman 2005, p. 4). In addition to the dramatic decline in the purchasing power of low-wage workers over the last 40 years, the movement has resonated with citizens and public officials due to a corresponding quickening in wage and income inequality in the United States. For example, although average US labor productivity expanded by approximately 80 % from 1968 to 2001, the minimum wage failed to keep pace with such rapid growth. The minimum wage’s real value peaked in 1968 when it was $1.65 per hour (or $8.39 in constant 2001 dollars or $10.74 in constant 2012 dollars). At the 1968 level, the minimum wage approximated the accepted poverty threshold for a four-person family. However, by 2001, its purchasing power had plummeted some 37 % when it was $5.15 per hour. At this wage level, a full- time worker employed for 52 weeks a year earned $10,712 annually, some 12.2 % below the 2001 national poverty level for a family of two (one adult and one child). However, many researchers argue that the officially determined poverty rates are established at a rate of 25 to 50 % too low (Pollin 2005, p. 4).

### Poverty Solvency

#### LW lowers poverty and strengthens growth. Negative effects are over-pronounced – best and most recent data

Devinatz 13 [Victor G. Devinatz (Department of Management and Quantitative Methods, Illinois State University). “The Significance of the Living Wage for US Workers in the Early Twenty-First Century.” Employ Respons Rights J (2013) 25:125–134. 24 March 2013] AJ

According to Freeman (2005, p. 23), most studies examining the economic effects of living wage ordinances find minimal job loss or other negative consequences in spite of the mandated increased wages. This is undoubtedly due to the relatively small number of persons covered by such laws as already mentioned. Many individual studies support Freeman’s (2005) conclusion. In a study involving data from the Current Population Survey (CPS) from January 1996 through December 2000, Neumark and Adams (2003, p. 561) discovered relatively weak disemployment effects due to wage increases from the implementation of living wage laws. They conclude, however, that the greatest disemployment effects occur among low-skilled workers. In a review article on the economic effects of living wage statutes, Adams and Neumark (2004, p. 236) arrive at two additional conclusions. While living wage ordinances increase the pay of low-wage workers, such statutes also compress the wage structure. Additionally, although living wage ordinances are related to lower employee turnover rates and improvements in employee performance, one should not necessarily assume that the implementation of such laws are costless or bring benefits that outweigh the costs. In an updated analysis by Adams and Neumark (2005, p. 99), these two researchers confirmed their earlier findings that living wage statutes increase the wages of the lowest paid workers although they lead to some job loss among these workers. Moreover, another finding that the implementation of living wage legislation reduces urban poverty was confirmed but more strongly for the laws based on companies receiving financial assistance than for the contractor-only statutes. Finally, Adams and Neumark (2005, p. 99) present new evidence that poverty reduction may occur after living wage law enactment due to other workers receiving wage gains as a result of the passage of living wage laws. In a study examining the growth rates of employment and unemployment before and after the enactment of living wage ordinances in 31 cities, Buss and Romeo (2006) discovered that only a minority of municipalities were negatively impacted by the implementation of these ordinances. Similarly, in a study of 19 California cities, Lester (2011, p. 252) found that the passage of living wage statutes did not negatively affect employment growth. Moreover, the enactment of such statutes also does not significantly damage the municipality’s business climate through establishments leaving the city, except for restaurants.

#### Consistent poverty reduction trend

Maloney 13 [Tim Maloney (Auckland University of Technology), Amanda Gilbertson (Research, Investigations and Monitoring Unit, Auckland Council). “A Literature Review on the Effects of Living Wage Policies.” Auckland Council Technical report, TR2013/034. August 2013] AJ

One of the most surprising results from the U.S. literature is that there is evidence that living wage laws have the intended effects in reducing poverty rates. This finding has often been ignored in surveys of this U.S. literature, and is striking because it runs counter to the consensus in the minimum wage literature of extremely small if any associated anti-poverty effects. Neumark and Adams found fairly consistent evidence that employer-assistance living wage policies lead to small reductions in overall city poverty rates. Clain (2008) using an entirely different data source confirmed this general result, by finding that county-level poverty rates declined “modestly” with the introduction of a living wage ordinance in the area.

#### Minimum wage solves poverty – real world experience and academic consensus

Konczal 14 [Mike Konczal (Mike Konczal is a fellow at the Roosevelt Institute. His work has appeared in The Nation, Slate, and The American Prospect). “7 Bipartisan Reasons to Raise the Minimum Wage.” Boston Review. March 3, 2014] AJ

Some minimum wage advocates don’t care much about income inequality per se. Instead, they are focused on alleviating poverty. Poverty has significant consequences for human flourishing, with especially pronounced effects on children. A major mistake of the War on Poverty was its assumption that the economy would be capable of employing all people at generous wages as long as they had the right skills and as long as discriminatory obstacles were surmounted. Thus job training was a priority. However, during the ’70s, ’80s, and 2000s, wages at the bottom part of the income distribution fell, especially for men, even as the low-wage workforce became more educated. Education and technological advances alone could not solve poverty. Recent research strongly indicates that raising the minimum wage reduces poverty. Dube finds that a 10 percent hike in the minimum wage would reduce the number of people living in poverty by a modest but significant 2.4 percent. It also shrinks the poverty gap—how far people are below the poverty line—by 3.2 percent. And it reduces the poverty-squared gap, a measure of extreme poverty, by 9.6 percent. So it provides meaningful benefits for the poorest individuals. Larger increases would offer even more impressive gains. Raising the minimum wage to $10.10 would lift 4.6 million people out of poverty. It would also boost the incomes of those at the 10th percentile of the income distribution by $1,700 annually. That is a significant benefit for workers who have seen declining wages during the past forty years. In a review of the literature since the 1990s, Dube finds fifty-four estimates of the relationship between poverty and the minimum wage. Forty-eight of them show that a minimum wage reduces poverty. This reflects a remarkable consensus among economists. The effect of an increased minimum wage on poverty is real, and it would be positive.

### Econ Solvency

#### Net econ effect is good

Maloney 13 [Tim Maloney (Auckland University of Technology), Amanda Gilbertson (Research, Investigations and Monitoring Unit, Auckland Council). “A Literature Review on the Effects of Living Wage Policies.” Auckland Council Technical report, TR2013/034. August 2013] AJ

There is considerable evidence in the overseas literature that implementing a living wage directly increases the actual wages of targeted workers. Generally, only between 1% and 3% of workers in a city are covered by the living wage, and in some cities (especially London) this coverage rate can be much lower. There are numerous reasons why these higher wages have even relatively smaller impacts on employer costs. Paying a living wage can increase productivity, reduce worker turnover and absenteeism, and improve the quality of future job applicants. The net result is that the cost increases among living wage employers can be as low as 1% to 2% of total production costs. Furthermore, some evidence suggests that even these small cost increases can be absorbed through lower employer profits and higher product prices passed on to customers.

### Bargaining Power Warrant

#### A living wage levels the playing field by countering employers’ bargaining power advantage. Neg neoclassical models are flawed – 2 warrants.

TC = Transaction cost, IBP = Inequality of Bargaining Power, NE = Neoclassical Economics, IE = Institutional Economics

Kaufman 10 [Bruce E. Kaufman (Georgia State University). “Institutional Economics and the Minimum Wage: Broadening the Theoretical and Policy Debate.” Cornell ILRReview. Volume 63, Number 3. April 2010] AJ

The first IE rationale for a minimum wage law is that workers suffer an inequality of bargaining power (IBP) because imperfect labor markets and a lopsided distribution of resources and rights put employers in the dominant position in wage bargaining and the individual worker in a weaker and dependent position (Commons and Andrews 1936; Kaufman 1989). With IBP, market competition cannot fully protect the wages and conditions of labor, and thus a counter vailing institutional mechanism must be introduced to ensure efficiency and equity. The primary objectives are protection of labor and balance in social outcomes. In developing the IBP idea, I proceed in two steps. The first is to consider the role of imperfect competition in labor markets; the second is to consider the role of lopsided resources and rights. The two are distinct and need to be treated separately. Imperfect competition. A situation of equal bargaining power exists in a competitive labor market since both employer and employee are wage takers, meaning neither has power to raise or lower the wage (and other conditions) above or below the competitive market rate. This yields economic efficiency. At least by one standard the competitive outcome is also ethically just—what Budd (2004) called the standard of “marginal productivity justice” (the fact that under competition workers are paid the value of their marginal product). The labor market also provides full protec- tion to workers since with zero cost they can quit and find jobs elsewhere and, conversely, competition forces firms to provide economi- cally optimal terms and conditions of labor. But what if labor markets are imperfect? In theory, an imperfect market may give the power advantage to either the employer or employee. Although an imbalance either way can occur, the IE position is that most often it is the workers—particularly those with fewer skills, less education, or from disadvantaged gender and ethnic groups—who suffer IBP. The reasoning is simple: who feels the greater pressure to reach an agreement and fill the job, and who has the greater resources and alternative options to fall back on if an agree- ment is not reached—the company or the worker? In most circumstances, the answer is the company. A rationale for a minimum wage (or union) is thus to “protect the un- derdog” and “level the playing field.” The IE position is that in both theory and practice labor markets are always imperfectly competitive, albeit to var ying degrees and in varying ways. We first start with the transaction concept advanced by Commons (1934) and integrate it with the transac- tion cost idea of Coase (1937). The model of perfect competition entails an implicit assumption that property rights to goods and services can be exchanged at zero cost (Dow 1997). A logical implication of such a world of zero transaction cost (TC), Coase argues, is that multi-person firms should vertically disintegrate into single-person entities, such as sole proprietorships and independent contractors. The reason is that with zero TC the market is more efficient at coordinating economic activity than are organizations and management and, hence, the latter disaggregate to their irreducible minimum. Single-person firms, however, have no employees (by definition), so labor factor markets, employment relationships, and the labor demand/supply diagram also disappear by implication (Kaufman 2007b, 2008). In their place, the single-person firms (perhaps some with large capital stocks) obtain labor services through competitive product markets in the form of intermediate goods/ser vices sold by independent contrac- tors, such as John Jones Auto Assembler, Inc. and Nancy Smith Legal Services Ltd. Turning the logic around, if labor markets exist, then they must be imperfectly competitive, since their existence rests on a necessary condition of positive TC—itself a product of imperfect information, fundamental uncertainty, and other such market imperfections. These conditions, in turn, necessarily make labor contracts incomplete, opening the door to a host of contracting problems and market failures, such as principal-agent conflict, moral hazard, and externalities. IE cites a second reason why labor markets are always imperfect. An essential condition of the competitive model is that labor is a homogeneous (undistinguishable) commodity. But this condition is violated by the very nature of the employment relationship. The reason is that labor services are embodied in the worker (a form of indivisibility) and cannot be separated at the time of sale; thus the worker and employer form a personal relationship at the point of production (Prasch 2004). This fact distinguishes “outsiders” from “insiders,” which, along with search and mobility costs due to imperfect information (an attribute of positive TC), makes incumbent employees preferable to external labor market job candidates as a source of labor services for firms. Hence, workers are not homogeneous but heterogeneous, leading to a situation of monopsony (broadly defined to include structural and dynamic monopsony, oligopsony, monopsonistic competition, and so on) in which the labor supply curve to the firm is upward-sloping (Card and Krueger 1995; Bhaskar and To 1999; Manning 2003; Erickson and Mitchell 2008). The implication of the two preceding lines of argument is that as a matter of theory and logic, labor markets are always and everywhere imperfectly competitive. Thus, from a theory perspective, imperfect competition should be the base-line for analysis, particularly when efficiency comparisons are made among alternative labor market outcomes, and the competitive model should be downgraded to a special and somewhat ad hoc case. A convenient but also incomplete representa- tion of imperfect competition is the standard monopsony diagram, shown in panel (1) of Figure 1. In a monopsony labor market the wage is set by the firm, implying, as IE economists (for example, Dunlop 1944; Les- ter 1964) have long maintained, that wage rates are an administered price—a price set by employers who operate in labor markets with some degree of discretion and wage-making power. If this potential market power is exer- cised (for qualifications, see Bronfenbrenner 1956), the imperfectly competitive wage W1 will be lower than the competitive wage W2. For inframarginal workers this may take the form of salary compression. The impediments to mobility and limits on competition provide firms an opportunity to practice some degree of compression, discrimination and exploitation in terms and conditions of employment, possibly by providing a wage below the competitive level for new hires, less than competitive pay increases or promo- tions for tenured employees, or, alternatively, sub-competitive benefits, working conditions, or treatment. In any of these cases, the workers are at an IBP disadvantage; a minimum wage, in these conditions, helps to balance bargaining power and eliminate this less-than- competitive outcome. If well positioned (for example, set at W2), a minimum wage may also lead to an increase—not decrease—in employment, such as from L1 to L2.4 IE recog- nizes, of course, that the extent of structural or dynamic monopsony-like power available to firms in low-wage labor markets may be mod- est; nonetheless, empirical evidence suggests that even here the labor supply curve to firms is often less than perfectly elastic (Manning 2003), particularly for inframarginal workers (Young and Kaufman 1997).

### A2 Perfectly Competitive Market

#### Even in perfectly competitive markets, workers are still at a huge disadvantage

Kaufman 10 [Bruce E. Kaufman (Georgia State University). “Institutional Economics and the Minimum Wage: Broadening the Theoretical and Policy Debate.” Cornell ILRReview. Volume 63, Number 3. April 2010] AJ

Unequal resources and rights. Labor may also suffer from a bargaining power disadvantage even in a perfectly competitive labor market if the distribution of rights and resources is skewed in favor of employers. I call this a case of IBP before the market, in contrast to the case previously described, which might be called IBP within the market. The insight here is that labor market outcomes narrowly viewed may appear competitive but broadly viewed may considerably favor employers due to disguised forms of market power emanating from so- cially determined pre-market inequalities. An IBP-before-the-market perspective examines the wage/employment outcome with regard to how alternative distributions and specifications of property rights and ownership influence the bargaining power of workers and employers. The adopted hypoth- esis is that workers with more resources and rights will enter wage bargaining with (ceteris paribus) a higher reser vation wage, mapping into a “higher” supply curve in the market. We again need a base-line in order to compare situations of equal and unequal bargaining power. For this purpose Com- mons (1934:683–84) invented the concept of reasonable value. Reasonable value is the community’s conception of the legitimate, morally justifiable upper and lower bounds to the wage bargain, given the economic fun- damentals existing at the time and the range of feasible or practical alternatives facing both parties (McIntyre and Ramstad 2002). Reasonable value is inherently subjective and contingent over time and place, yet it is also determinate in that a sovereign governmental body, such as the U.S. Supreme Court (from which Commons derived this concept), has to determine the boundary lines between legitimate and illegitimate contract terms. To do this, the Court devised in the early twentieth centur y the doctrines of “reason- ableness” and” conscionability.” The idea is the Court refuses to set aside voluntarily negotiated contracts unless the negotiation process or terms are deemed unreasonable or unconscionable by prevailing community standards. IBP before the market, therefore, corre- sponds to wages and other conditions outside the range of reasonable value, outcomes that would ordinarily arise only when bargaining power is sufficiently lopsided to violate com- munity standards of legitimacy. From this perspective, the proposition that there is freedom of contract and that “all sides gain from trade” can be a cruel fiction allowing one side to impose onerous and exploitative terms on the other. As before, in theory IBP before the market can favor either employer or employee; in practice, however, IE argues that it usually favors employers and works against individual workers, particularly in early phases of economic development. With regard to resources, for example, employers have far deeper pockets than workers who live paycheck to paycheck, and can thus survive much longer if no deal is struck. Likewise, employers are less pressured to strike a deal since their revenue stream typically continues even if one job is vacant, while a worker’s revenue stream typically ceases without that job. Also important, the number of alterna- tive job seekers from whom employers can choose typically is higher than the number of alternative job openings for an individual worker (that is, workers are usually on the “long side” of the labor market). Rights are a second determinant of bar- gaining power. IE contends that in all capi- talist societies legal rights start out heavily skewed in favor of employers (Commons 1924). One reason is that capital is typically scarce while labor is cheap and, therefore, societies give little regard to protecting labor; another is that employers have preponder- ant access to and influence in the legislative and judicial arenas (Commons 1934:673). Thus, while NE theorizes that the evolution of the common law is driven by pressures of efficiency (for example, Posner 2007), IE posits that in addition to efficiency pressures the common law also evolves from political contestation—that is, the process whereby so- cial “outsiders” struggle to become “insiders” and, to the degree they are successful, judges re-interpret the common law to incorporate their interests. As seen in IE, many legal rules a century ago, and some today, regarding ownership and property rights create IBP before the market (Adams 1886; Commons and Andrews 1936). One current example is employment-at-will. In any real world labor market the costs of employment-at-will fall disproportionately on workers, undercutting their bargaining (hold-out) power, reducing their minimum supply price, and shifting the labor supply curve to the right. Also relevant is immigration law. A legal rule that allows large immigration or lax enforcement also shifts the labor supply curve to the right, substantially lowering wages and conditions for domestic workers. The effect of these considerations is illus- trated in panel (2) of Figure 1. Two alternative supply cur ves are depicted: the “high” supply cur ve S1 reflects a ver y favorable regime of labor rights and resources, and the “low” curve S2 reflects the opposite. These different regimes of resources and rights are outcomes of the political process and presumably reflect the differential power in the polity of capital and labor as organized interest groups or classes (e.g., S1 = Europe; Massachusetts, S2 = USA; South Carolina). When NE theorists analyze a minimum wage law using a D/S diagram, they insert a supply curve, such as S1 or S2, and find the competitive wage, such as W1 or W2. As long as this wage is competi- tive, no further questions are asked about its welfare properties. IE insists, however, that economists look deeper and, in particular, examine the relative income shares of em- ployers and workers. If the supply curve is S1, the largest income share goes to workers and the smallest to the owners of capital (labor gets the rectangle 0W1AL1, capital gets the triangle above it); conversely, if the supply cur ve is S2 and the demand cur ve is inelastic (a reasonable assumption), the opposite is the case—capital gets much and labor gets little (compare the rectangle 0W2BL2 to the triangle above it). The contention of IE is that for the bottom part of the work force the regime of rights and resources most likely resembles the low supply curve S2. The idea of reasonable value, in turn, is that every so- ciety accepts some (possibly large) inequality in the group incomes of capital and labor, but not beyond some limit. If supply curve S2 is “very low,” then the resulting (but still competitive!) wage W2 and the labor share of income 0W2BL2 fall outside the range of reasonable value. In this case, labor is on the losing side of IBP before the market; workers also suffer from institutional exploitation—the difference between a minimally reasonable wage and set of employment conditions and the actual level resulting from the skewed rules of the game (Taylor 1977). Enactment of (or an increase in) a minimum wage is one action that can reduce or eliminate this form of social inequality and exploitation. Before moving on, it is useful to point out that employers are not the only or perhaps even the main party using government to skew the rules of the game against the in- terests of workers. Consumers also have an incentive to do so, as explicated by the Webbs (1897) in their famous “chain of bargains” argument. Consumers have dual interests to the degree they not only buy goods but also sell labor. Nonetheless, IE surmises that their self-interest on balance tilts toward lower-priced goods, given that lower prices of consumer goods in the economy improve every consumer’s welfare but most forms of higher labor standards improve welfare for only a subgroup. If we look at a minimum wage, for example, most people work at com- panies that pay considerably above this level, so voting for political candidates who favor a minimum wage increase is likely to reduce the voters’ real income (via higher prices) without any compensating gain in wages. Ex- amined this way, consumers and firms have a shared preference for laws, regulations, and an institutional infrastructure that promote lower labor cost (Freeman 1996). A political economy perspective suggests, therefore, that the erstwhile competitive labor market may well be in fact a site of IBP, absent progressive social norms and labor policies.

### Inequality Spiral Solvency

#### Living wage key to preventing spiraling inequality and resulting economic crises

Kaufman 10 [Bruce E. Kaufman (Georgia State University). “Institutional Economics and the Minimum Wage: Broadening the Theoretical and Policy Debate.” Cornell ILRReview. Volume 63, Number 3. April 2010] AJ

The third IE macro role for a minimum wage is to help ensure that the gains from productivity growth are distributed in a balanced way between labor and capital and rich and poor, thus ensuring that consumer spending keeps pace with expansion in production capacity. Absent a minimum wage law, a welfare state with a progressive income tax, or some form of collective bargaining, it is likely that a growing share of the national income will be paid to capital owners and the top tier of the professional/managerial class. The reason is that unskilled labor, having the most elastic supply curve, receives proportionately the fewest economic rents from growth, while capital and skilled labor receive larger (sometimes ver y large) rents as their demand curves shift rightward along inelastic supply curves (Bok 1993; Frank 1995). The modern-day exemplar of this process is the meteoric rise in CEO compensation relative to the average hourly earnings of production workers. The result from the early 1990s to 2007—parallel to the 1920s—is a growing maldistribution of income, a booming stock market, and a growing imbalance as aggregate demand growth is able to keep up with aggregate supply growth only through massive increases in debt among the middle and lower classes and luxur y spending among the affluent. This imbalance is ultimately unsupportable and the economy goes into recession or depression for lack of broad- based purchasing power. Key to preventing this underconsumption scenario is an institutional mechanism to ensure that some of the income gains and economic rents from productivity growth are channeled back to the middle and working classes to maintain strong demand growth. A minimum wage is one such device.

### Price Spiral Solvency

#### Wage floor key to prevent downward price spiral that will destroy the economy

Kaufman 10 [Bruce E. Kaufman (Georgia State University). “Institutional Economics and the Minimum Wage: Broadening the Theoretical and Policy Debate.” Cornell ILRReview. Volume 63, Number 3. April 2010] AJ

But the situation in low-wage labor markets can be much worse, which brings us to the second macroeconomic role for a minimum wage: preventing destructive competition. According to NE theory, the solution to an excess supply of labor is a fall in the wage until labor demand and supply are equal. But IE argues this logic is false and, in fact, claims that the process of wage reduction (and deflation in general) is likely to make unemployment worse, not better. There are two steps in this argument. The first is to show that wage reductions, even in a perfectly competitive economy, cannot cure unemployment. This proposi- tion was embraced by Keynes (1936, Chap. 2) and is the revolutionary part of his mes- sage. Keynes advanced two reasons, neither of which depends on wage/price rigidities. The first is that the capitalist macroeconomy suffers a coordination failure due to a “miss- ing institution”; that is, workers cannot “buy” a job because the property right they have to trade—a lower money wage—is not com- mensurable with the property right employ- ers want for their job opportunity—a lower real wage. In practical terms, a money wage cut leads to a price cut, thus preventing a fall in the real wage. The second reason is that a reduction in money wages not only reduces the cost of labor and moves firms down their labor demand curves (toward a new full employment equilibrium) but also reduces aggregate income and expenditure and thus shifts labor demand curves leftward. The result is to perpetuate and worsen mac- roeconomic disequilibrium and unemployment (with debt deflation offsetting other presumed corrective forces outside labor markets, such as a fall in interest rates). IE goes a step farther and demonstrates that wage reductions can lead to more harm by unleashing a dynamically destabilizing downward spiral in wages and prices, poten- tially culminating in an economic catastrophe. IE theorists call this process destructive competition (an oxymoron term in NE); today it is also referred to as a “race to the bottom” (Culbertson 1985; Kaufman 1997). The key conditions leading to destructive competition in the macroeconomic labor market are an excess supply of labor, large fixed costs for workers (ongoing costs of food, shelter, health care, and so on), limited mobility to other more buoyant labor markets (for example, immigration to Europe or Australia), and lack of a social safety net (for example, no un- employment insurance). Workers, squeezed financially by fixed survival and family costs as their spell of unemployment lengthens, bid down wages and working conditions in an increasingly desperate effort to get jobs. In NE theory, this process of wage reduc- tion leads to a demand/supply equilibrium and full employment (Say’s Law); in IE and Keynesian theor y, it shifts the aggregate labor demand curve leftward from D1 to D2 to D3 in panel (1) of Figure 2, and wages and em- ployment spiral downward. A legal minimum wage (along with other protective laws, such as those placing a ceiling on allowable hours of work and banning child labor) prevents destructive competition from proceeding by establishing a wage floor in the labor market, such as at W1.

### Inequality k2 Econ

#### Decreasing inequality is key to sustained economic growth, and political effectiveness.

Harkinson 11 [Josh Harkinson (staff reporter). “Study: Income Inequality Kills Economic Growth.” Mother Jones. October 4th, 2011] AJ

Corporate chieftains often claim that fixing the US economy requires signing new free trade deals, lowering government debt, and attracting lots of foreign investment. But a major new study has found that those things matter less than an economic driver that CEOs hate talking about: equality.

"Countries where income was more equally distributed tended to have longer growth spells," says economist Andrew Berg, whose study appears in the current issue of Finance & Development, the quarterly magazine of the International Monetary Fund. Comparing six major economic variables across the world's economies, Berg found that equality of incomes was the most important factor in preventing a major downturn. (See top chart.) In their study, Berg and coauthor Jonathan Ostry were less interested in looking at how to spark economic growth than how to sustain it. "Getting growth going is not that difficult; it's keeping it going that is hard," Berg explains. For example, the bailouts and stimulus pulled the US economy out of recession but haven't been enough to fuel a steady recovery. Berg's research suggests that sky-high income inequality in the United States could be partly to blame. So how important is equality? According to the study, making an economy's income distribution 10 percent more equitable prolongs its typical growth spell by 50 percent. In one case study, Berg looked at Latin America, which is historically much more economically stratified than emerging Asia and also has shorter periods of growth. He found that closing half of the inequality gap between Latin America and Asia would more than double the expected length of Latin America's growth spells. Increasing income inequality has the opposite effect: "We find that more inequality lowers growth," Berg says. (See bottom chart.) Berg and Ostry aren't the first economists to suggest that income inequality can torpedo the economy. Marriner Eccles, the Depression-era chairman of the Federal Reserve (and an architect of the New Deal), blamed the Great Crash on the nation's wealth gap. "A giant suction pump had by 1929-1930 drawn into a few hands an increasing portion of currently produced wealth," Eccles recalled in his memoirs. "In consequence, as in a poker game where the chips were concentrated in fewer and fewer hands, the other fellows could stay in the game only by borrowing. When the credit ran out, the game stopped." Many economists believe a similar process has unfolded over the past decade. Median wages grew too little over the past 30 years to drive the kind of spending necessary to sustain the consumer economy. Instead, increasingly exotic forms of credit filled the gap, as the wealthy offered the middle class alluring credit card deals and variable-interest subprime loans. This allowed rich investors to keep making money and everyone else to feel like they were keeping up—until the whole system imploded. Income inequality has other economic downsides. Research suggests that unequal societies have a harder time getting their citizens to support government spending because they believe that it will only benefit elites. A population where many lack access to health care, education, and bank loans can't contribute as much to the economy. And, of course, income inequality goes hand-in-hand with crippling political instability, as we've seen during the Arab Spring in Tunisia, Egypt, and Libya. History shows that "sustainable reforms are only possible when the benefits are widely shared," Berg says. "We hope that we don't have to relearn that the hard way."

### Spillover Effect

#### Wage increases cause spill-over effects and an upward ripple.

Devinatz 13 [Victor G. Devinatz (Department of Management and Quantitative Methods, Illinois State University). “The Significance of the Living Wage for US Workers in the Early Twenty-First Century.” Employ Respons Rights J (2013) 25:125–134. 24 March 2013] AJ

Living wage statutes also lead to an upward ripple effect meaning that when the lowest paid workers in a company receive raises, higher wage employees will obtain increases as well. Such upward pressure on wages occurs for reasons of equity and for maintaining sufficient wage differentials. Furthermore, wage increases might be given to other low-wage workers employed by the company who are in the same occupational classification as the low-wage workers covered by the living wage ordinance even though they are not working under the city contract. Finally, other employers in the same geographical area, although not affected by the ordinance, may boost wages to effectively compete for comparable employees in the labor market, an economic phenomenon also referred to as a spill-over effect. Paul Osterman’s research on the living wage campaign conducted in the lower Rio Grande Valley in Texas indicated that of every 100 people receiving wage raises due to the implementation of a living wage ordinance, an additional 39 benefit from increased wages due to the ripple or spill-over effects (Luce 2004, p. 191).

### A2 Lowers Employment

#### This disproves the negative employment effect – prefer meta analyses

Kaufman 10 [Bruce E. Kaufman (Georgia State University). “Institutional Economics and the Minimum Wage: Broadening the Theoretical and Policy Debate.” Cornell ILRReview. Volume 63, Number 3. April 2010] AJ

4 The employment increase in surviving firms may be partially or completely offset, however, by employment declines from firms that go out of business. A monopsony firm need not be profitable and, indeed, may be able to remain in business only with the “subsidy” gained from labor exploitation. This analysis has important implications for the debate about the employment effect of a minimum wage. For example, if the baseline is a model of imperfect competi- tion then the predicted effect of a minimum wage (or increase thereof) on employment is uncertain, particularly for a small-to-modest boost. In support of this proposition, Dou- couliagos and Stanley (2009) find in a recent meta-analysis of dozens of minimum wage studies that after correcting for publication bias the estimated employment effect is not statistically different from zero. Also, one must note that at a theory level the negative employment criterion is a biased test in favor of the competitive model. As Becker (1962) showed, the law of demand is a fundamental fact of scarcity and is not a unique conclusion of any one theory (for example, it emerges even if people behave irrationally). This implies that a negative employment effect is not discriminating evidence in support of the NE competitive market model. Rather, the real issue sepa- rating IE and NE is the tightness and strength of this relationship. NE price theory posits a monotonic well-defined negative relationship between the wage and quantity demanded of labor; IE, on the other hand, posits that the labor demand relationship over a moderate range is “loose” (that is, is discontinuous in places, and forms a “band”) and may have a vertical or positive-sloped section. IE recog- nizes, on the other hand, that over a large range of wage variation the labor demand cur ve is surely negatively sloped, particularly in the long-run.

#### No negative employment effect- prefer meta analyses – your authors have massive publication bias

Stanley 09 [Hristos Doucouliagos (School of Accounting, Economics and Finance, Deakin University) and T.D. Stanley (Department of Economics, Hendrix College). “Publication Selection Bias in Minimum-Wage Research? A Meta-Regression Analysis.” British Journal of Industrial Relations 47.2 (2009): 406-428] AJ

How can it be that there is no adverse employment effect from raising the minimum wage? Every economics and business student has been taught for many decades that minimum wage hikes cause unemployment. This and rent control are the quintessential textbook illustrations of the allocative inefficiency that results through market interference or from government regulation. Card and Krueger (1995a), among others, have suggested that significant monopsonistic power in the labour market would explain this observed inelasticity (or even the positive wage elasticity) of labour demand. Alternatively, efficiency wage theory can provide a plausible explanation of the absence of any adverse employment effect (Akerlof, 1982; Akerlof, 2002). Higher wages are observed to lead to higher productivity, which, theoretically, could compensate for the higher labour costs. An entirely separate meta-analysis of the efficiency-wage literature finds the clear trace of an authentic efficiency-wage effect after correcting for publication selection (Stanley and Doucouliagos, 2007). Like the current study, the efficiency-wage MRA results are very robust. The presence of an economically meaningful efficiency-wage effect is corroborated by both simple and multiple meta-regressions and by using more sophisticated estimation techniques that are not vulnerable to the dependence across estimates (REML) or to extreme estimates (robust regression). However, meta-analysis of the efficiency-wage literature is also at odds with neoclassical theory: the magnitude of the efficiency-wage elasticity is roughly half of what it needs to be, in order to be consistent with profit maximization (Stanley and Doucouliagos, 2007). This paper re-evaluates the empirical evidence of a minimum-wage effect on employment. Several meta-regression tests corroborate Card and Krueger’s overall finding of an insignificant employment effect (both practically and statistically) from minimum-wage raises. Recently developed tests for publication selection bias confirm its presence in this area of labour research. The research on minimum-wage effects contains the clear trace of selection for adverse employment effects. No evidence of a genuine adverse employment effect can be found among time series estimates of minimum-wage elasticities used by Card and Krueger, but they contain a clear indication of publication selection. Recall that quasi-experimental evidence corroborates minimum wage’s insignificant employment effect (Card and Krueger, 1995b). Our analysis confirms that there never was much accumulated empirical evidence of a negative employment effect from minimum-wage regulation (Leonard, 2000). In any case, there seems to be a consensus among labour economists that if there is an adverse employment effect, it is a small one (The Economist, 2001). Our meta-analysis of 1,474 estimated minimum-wage elasticities only confirms this view and Card and Krueger’s (1995a) results. We still find strong evidence of publication selection for significantly negative employment elasiticites, but no evidence of a meaningful adverse employment effect when selection effects are filtered from the research record. Even after accounting for structural change in this area of research, very strong evidence of publication selection for negative employment elasticities remains. In the minimum wage literature, the magnitude of the publication selection bias is as large or larger, on average, than the underlying reported estimate. Overall, correcting for publication bias would transform a modestly negative average elasticity to a small positive employment elasticity. However, our meta-regression analysis identifies several factors, including structural change, that affect the magnitude of the minimum-wage elasticity. Thus, no single estimate can adequately summarize the minimum wage effect on employment. Rather, estimated employment effects are dependent upon research choices and time. Even under generous assumptions about what might constitute ‘best practice’ in this area of research, little or no evidence of an adverse employment effect remains in the empirical research record, once the effects of publication selection are removed. Two scenarios are consistent with this empirical research record. First, minimum wages may simply have no effect on employment. If this interpretation were true, it implies that the conventional neoclassical labour model is not an adequate characterization of the US labour markets (especially the market for teenagers). It also implies that other labour market theories, such as those involving oligopolistic or monopsonistic competition, or efficiency wages, or heterodox models, are more appropriate. Secondly, minimum-wage effects might exist but they may be too difficult to detect and/or are very small. Perhaps researchers are “looking for a needle in a haystack” (Kennan, 1995, p. 1955). In any case, with sixty-four studies containing approximately fifteen hundred estimates, we have reason to believe that if there is some adverse employment effect from minimum wage raises, it must be of a small and policy-irrelevant magnitude. One objection to the first inference is that the standard competitive labour market model does not predict that employment will fall for all sub-sectors. Employment need not fall for all establishments, and it might rise for some establishments. The model does, however, predict some adverse effect on employment across the board, on average, and the research record is not consistent with the prediction of an adverse effect at any level. Moreover, researchers do use the extant evidence to make inferences. For example, Neumark and Wascher (2007) provide a conventional descriptive review of most of the studies included in our meta-analysis. In their review of this same literature, Neumark and Wascher (2007; 123) see the evidence as: “largely solidifying the conventional view that minimum wages reduce employment among low-skilled workers, and as suggesting that the low-wage labor market can be reasonably approximated by the neoclassical competitive model.” However, the contract between their subjective narrative review and meta-analysis is quite striking. In updating and extending Card and Krueger’s meta-analysis, we offer alternative meta-regression methods that are validated through Monte Carlo simulations and by extensive applications in other fields of economic research (Doucouliagos, 2005; Gemmill et al., 2007; Roberts and Stanley, 2005, Stanley, 2005; Stanley, 2008; Stanley and Doucouliagos, 2007). Funnel asymmetry (FAT) and precision-effect testing (PET) offers great promise for the empirical study of economic research. Our meta-analysis of minimum wage regulation and the associated MRA models are robust to variations both in the meta-data used and to variation in the econometric approaches employed. Thus, it seems safe to conclude that minimum-wage research exhibits much publication selection, regardless of which additional factors one considers.

### Employment =/= Poverty Reduction

#### Try or die for the aff - even full employment does not solve poverty – insufficient work and low pay rates

Lim 12 [Jeannette Wicks-Lim. “The Working Poor: A Booming Demographic.” New Labor Forum, Volume 21, Number 3, Fall 2012, pp. 16-25 (Article)] AJ

Paid employment can leave workers and their families in poverty for two basic reasons: insufficient employment opportunities and inadequate pay rates. Since the beginning of the Great Recession in 2009, policymakers have focused nearly exclusively on the issue of jobs. What gets lost in the panic over unemployment and underemployment—though justified—is that before the Great Recession, millions of fully-employed workers already filled the ranks of the working poor. Without aggressively addressing the issue of low-wage work, a large share of workers and their households will continue to live in poverty. To focus sharply on how low wages create a class of the working poor, the first column of Table 1 presents some basic figures for the year 2000 on the work status of poor indi- viduals. The year 2000 is the last full year of a ten-year-long expansion that produced the lowest unemployment rate—4.0 percent—of the last three decades. The figures for this year should tell us something about how full employment would reduce poverty. In this near-full-employment economy in 2000, nearly one in three (31.5 percent), or 54.5 million, prime-working-age adults (eighteen to sixty-five years old) lived in poor households. Among these individuals, the large majority (68.1 percent) participated in the workforce— either by working or wanting to work at some point during the year.5 Among the other 31.9 percent of poor adults—individuals not in the workforce—nearly all (92.4 percent) either have other responsibilities that interfere with work- ing (taking care of family or going to school) or they are unable to work (because they are ill, disabled, or retired). For these individuals, paid employment will not adequately address their income needs. Focusing now on individuals who are in the labor force and poor, even in a near-full- employment economy, 16.6 percent seek more work and have partial schedules for “economic” reasons (14.8 percent wanted to work more, and another 1.8 percent did not work at all because they could not find a job). Getting enough work clearly remains a problem for some people, even when there is a historically low unemployment rate. But the majority of the working poor (54 percent) do not escape poverty despite working full-time, year-round. For these workers, too- low wages create the gap between their earnings and their household needs. The average hourly wage among the working poor is $10.00 (see Figure 1).6 Full-time, year-round earnings at this rate—$20,800—fall 52 percent short of the $43,500 that the average worker with a small family (two adults and one child) needs to maintain a minimally decent living standard.7 Even two adults working full-time, year-round, at $10.00 an hour would leave a $2,000 gap. Fast forward ten years to 2010, which had a 9.6 percent unemployment rate. We can clearly see the role of massive job losses and reduced hours in pushing U.S. workers and their families into poverty (column 2, Table 1). Now, 37.7 percent of prime-working-age adults are poor. Fully 36.5 percent are now either unemployed or underemployed. Still, even in 2010, just over two in five poor workers had full-time jobs year-round. They couldn’t make ends meet because of their low pay rate. Over the decade, the average wage among the working poor hovered just over $10.00 (after adjusting for inflation), reaching $10.70 near the peak of the last business cycle in 2006. By 2010, the average wage among the working poor was $10.32, only slightly higher than where it started at the beginning of the decade. So why are working people poor? Employment levels certainly matter. The share of prime-working-age adults who can’t make ends meet shot up from 31 percent in 2000 to 38 percent in 2010. But wages matter too. As the earlier figures show, whether the economy is barely recovering from a severe recession (2010) or operating at a high level of activity (2000), a large share of poor workers—roughly between 40 and 50 percent—are fully employed but struggle because they earn poverty wages. In other words, to reduce the ranks of the working poor we must focus on the quality of jobs, not just on the unemployment rate.

### A2 Costs Firms Too Much

#### The effect is minimal

Devinatz 13 [Victor G. Devinatz (Department of Management and Quantitative Methods, Illinois State University). “The Significance of the Living Wage for US Workers in the Early Twenty-First Century.” Employ Respons Rights J (2013) 25:125–134. 24 March 2013] AJ

This estimate is consistent with calculating the actual costs of putting living wage statutes into effect. Although the specifics of living wage ordinances vary as discussed above, economic analyses indicate that no matter what statistical sources and research methodologies are utilized, the average cost to most companies affected by living wage statutes is low, ranging somewhere between 1 % and 2 % of an average company’s total operations. Given this figure, most firms would be easily able to absorb these modest cost increases through small boosts in both prices and productivity (Pollin 2005). Of course, if such ordinances required dramatically higher living wages, the costs to firms could be substantially higher than the above estimates.

#### Employers support LW – hidden productivity benefits

Devinatz 13 [Victor G. Devinatz (Department of Management and Quantitative Methods, Illinois State University). “The Significance of the Living Wage for US Workers in the Early Twenty-First Century.” Employ Respons Rights J (2013) 25:125–134. 24 March 2013] AJ

Employers also have acknowledged concrete benefits obtained from the implementation of living wage statutes. And consistent with studies cited earlier, for example, based on a survey of contractors who are covered by a living wage law in Tucson (Arizona), 39 % claimed that there was improved employee morale, 33 % claimed that employee turnover was reduced, 22 % asserted that employee productivity increased and 11 % each stated that there was a reduction in theft and accidents after the enactment of the city’s living wage ordinance (Grant and Trautner 2004, p. 75).

### A2 MW Turns

#### Living wage literature trends run counter to minimum wage lit

Maloney 13 [Tim Maloney (Auckland University of Technology), Amanda Gilbertson (Research, Investigations and Monitoring Unit, Auckland Council). “A Literature Review on the Effects of Living Wage Policies.” Auckland Council Technical report, TR2013/034. August 2013] AJ

One of the most surprising results from the U.S. literature is that there is evidence that living wage laws have the intended effects in reducing poverty rates. This finding has often been ignored in surveys of this U.S. literature, and is striking because it runs counter to the consensus in the minimum wage literature of extremely small if any associated anti-poverty effects. Neumark and Adams found fairly consistent evidence that employer-assistance living wage policies lead to small reductions in overall city poverty rates. Clain (2008) using an entirely different data source confirmed this general result, by finding that county-level poverty rates declined “modestly” with the introduction of a living wage ordinance in the area.

#### Minimum wage literature cannot apply to living wage lit

Adams 2k [David Neumark and Scott Adams (Department of Economics, Michigan State University). “DO LIVING WAGE ORDINANCES REDUCE URBAN POVERTY?” Working Paper 7606, NATIONAL BUREAU OF ECONOMIC RESEARCH. March 2000] AJ

Living wage ordinances mandate wage floors that are typically much higher than the wage floors set by state and federal minimum wage legislation. These are frequently tied to the federal government’s definition of poverty. While traditional minimum wage legislation is nearly universal in coverage, living wages apply to a subset of firms. Only businesses under contract to provide services to the city and, in some cases, firms receiving assistance from the city for the purpose of economic development or job creation, or city employees, are subject to the requirements of these ordinances. Thus, theoretical predictions of the effects of traditional minimum wage laws and the extensive empirical literature that tests these predictions can only serve as a rough guide to studying the effects of living wages. Their unique features require separate empirical examination.

### Health Solvency

#### Wage increases reduce chances of poor health

Katz 01 [Rajiv Bhatia, MD, MPH, and Mitchell Katz, MD (The authors are with the San Francisco Department of Public Health and the Department of Medicine, University of California, San Francisco). “Estimation of Health Benefits From a Local Living Wage Ordinance.” American Journal of Public Health. September 2001, Vol 91, No. 9] AJ

Wage gains predicted mortality risk reductions and improvements in health status for both men and women and for both part-time and full-time workers. The average magnitudes of these benefits for adult workers aged 24 to 44 with a current family income of $20 000 are presented in Table 2. The estimated reduction in mortality risk (relative hazard) for a full-time worker de- creases with increasing current income, from 0.93 (95% CI = 0.90, 0.96) for men and 0.95 (95% CI = 0.93, 0.97) for women with a family annual income of $15000 to 0.98 (95% CI = 0.977, 0.990) for men and 0.99 (95% CI = 0.985, 0.994) for women with a family income of $75 000 (Figure 1). The number of days sick in bed, depressive symptoms, the risks of limitations in work or activities of daily living, and being in the poorest subjective health would all be expected to be modestly reduced for full-time workers with current family incomes of $20000; however, daily alcohol consumption would modestly increase (Table 2). For the children of workers benefiting from a living wage, the chances of completing high school would increase (Figure 2), as would the number of years of completed education. For girls, the risk of childbirth outside of mar- riage would be expected to fall.

### Activism Advantange

#### Enables success of unions and political action groups

Devinatz 13 [Victor G. Devinatz (Department of Management and Quantitative Methods, Illinois State University). “The Significance of the Living Wage for US Workers in the Early Twenty-First Century.” Employ Respons Rights J (2013) 25:125–134. 24 March 2013] AJ

Furthermore, the fight for living wages has contributed to the development of labor- community coalitions which promote broad progressive political agendas, including labor rights, in cities and communities throughout the nation. Examples of concrete gains from such coalitions include playing a major role in the rejuvenation of a vibrant labor movement in Los Angeles; the creation of a Workers Rights Board as a vehicle for promoting workplace justice for nonunion workers in Tucson; and the development of an intimate relationship between the city’s central labor council and ACORN in Boston (Luce 2004, pp. 200–202, 204–205).

### Increases Union Membership

#### Increase union membership

Devinatz 13 [Victor G. Devinatz (Department of Management and Quantitative Methods, Illinois State University). “The Significance of the Living Wage for US Workers in the Early Twenty-First Century.” Employ Respons Rights J (2013) 25:125–134. 24 March 2013] AJ

Besides boosting wages to the poverty level threshold and providing such things as health care coverage, there are several additional benefits from the implementation of living wage statutes. One positive outcome from the implementation of living wage ordinances is that it has made it theoretically easier for unions to organize low-wage workers because of card check or neutrality provisions, applying to contractors or those companies working on a development project, contained in living wage ordinances. Since the Taft-Hartley Act of 1947 precludes cities or states from compelling companies to recognize these two types of provisions, they can only be included in living wage statutes if it can be demonstrated that without such provisions, work stoppages or industrial disputes would endanger the city’s financial investment. Under a card check agreement, an employer voluntarily agrees to recognize a union without a certification election provided that a majority of the employees have signed cards stating that they want to be represented by a union. With a neutrality provision, the employer agrees to abstain from certain actions used to discourage workers from organizing a union such as holding captive audience meetings where anti-union propaganda would be presented and engaging in either intimidation or harassment of union organizers (Luce 2005, p. 425). Although gains have been modest, two specific examples of successful union organizing drives connected to living wage campaigns include the organizing of 1,500 city workers by Communication Workers of America Local 7026 in Tucson and the obtaining of union recognition and a contract for 150 van and bus drivers by United Transportation Union Local 23 in Santa Cruz (California). Additionally, living wage campaigns have contributed to victorious unionization efforts in Berkeley and San Jose (California), Chicago and Miami- Dade County (Florida) (Luce 2004, pp. 183–185).

### Employers Support LW

#### Employers support minimum wage

Devinatz 13 [Victor G. Devinatz (Department of Management and Quantitative Methods, Illinois State University). “The Significance of the Living Wage for US Workers in the Early Twenty-First Century.” Employ Respons Rights J (2013) 25:125–134. 24 March 2013] AJ

Employers also have acknowledged concrete benefits obtained from the implementation of living wage statutes. And consistent with studies cited earlier, for example, based on a survey of contractors who are covered by a living wage law in Tucson (Arizona), 39 % claimed that there was improved employee morale, 33 % claimed that employee turnover was reduced, 22 % asserted that employee productivity increased and 11 % each stated that there was a reduction in theft and accidents after the enactment of the city’s living wage ordinance (Grant and Trautner 2004, p. 75).

### A2 Effect is Small

#### Studies observe modest effects because the affected group is so small

Maloney 13 [Tim Maloney (Auckland University of Technology), Amanda Gilbertson (Research, Investigations and Monitoring Unit, Auckland Council). “A Literature Review on the Effects of Living Wage Policies.” Auckland Council Technical report, TR2013/034. August 2013] AJ

What do these literature results mean for the possible adoption of a living wage provision in Auckland or elsewhere in New Zealand? Holzer (2008) reviewed the existing U.S. living wage literature at the time and concluded that the effects of living wage policies (either positive or negative) were likely at best to be “modest”. This same general conclusion holds with the updated literature. This is partly because such policies directly affect small proportions of the prevailing workforce. This doesn’t mean that such laws shouldn’t be enacted. Even small positive benefits for specific groups of low-wage workers and their families may be better than nothing.

### $12.30 Advocacy

#### Text: The USFG will raise the federal minimum wage to $12.30 an hour.

Lim 12 [Jeannette Wicks-Lim. “The Working Poor: A Booming Demographic.” New Labor Forum, Volume 21, Number 3, Fall 2012, pp. 16-25 (Article)] AJ

To eliminate working conditions that lead to poverty, we need to pursue a more ambitious set of labor standards. Research indicates that the well-established labor market institution—the minimum wage—is not being used to its full potential. The evidence on how businesses adjust to minimum wage rates suggests that the federal minimum wage rate could be raised by as much as 70 percent—from $7.25 to $12.30—while avoiding any significant fall- off in employment. This would maximize the benefits from minimum wage laws to support a minimally decent standard of living for U.S. workers.

### US k2 World econ

#### US key to world economy

IMF 13 [“Strong U.S. Economy, Strong Global Economy—Two Sides of Same Coin.” September 19, 2013. http://www.imf.org/external/pubs/ft/survey/so/2013/new091913a.htm] AJ

In a world of increasing economic interconnections, the United States’s stake in the global recovery is greater than ever, IMF Managing Director Christine Lagarde said in a speech to business leaders at the U.S. Chamber of Commerce in Washington, D.C. “What happens elsewhere in the world—be it the success of recovery in Europe or the continued smooth functioning of supply chains in Asia—matters increasingly for the United States,” Lagarde said. “The converse is also true. What happens here matters increasingly for the global economy.” Her remarks, which focused on the interplay between the global economy and the U.S. economy, also highlighted the need to find joint solutions to secure a lasting, balanced and widely shared global recovery. “Job creation is a critical ingredient of any economic recovery, domestic or global,” she emphasized. Businesses have a key role to play, Lagarde said, but at the same time, policymakers have an important responsibility to help “shape the environment in which businesses and citizens can thrive—and jobs can be created.” Changing global picture Lagarde said that global growth remains subdued, while acknowledging that the global economic environment is changing. She emphasized that economies are moving at different speeds and that the fruits of growth are not evenly shared, both in the United States and other countries. The U.S. economy is growing and, after a long time, so is the Euro Area. In Japan, aggressive policy support and the ongoing reform process is helping to spur growth. The emerging market economies, on the other hand, are slowing. “For some, this may be a shift toward more balanced and sustainable growth,” Lagarde told the audience. “For others, it reflects the need to address imbalances that have made them more vulnerable to the recent market turbulence.” Reinforcing the point about global interconnections, Lagarde cited the IMF’s recent “spillover” analysis, which suggests that if the world’s five major economies were to work together to adopt a more rigorous, comprehensive, and compatible set of policies, it could boost global GDP by about 3 percent over the longer run. U.S. recovery gaining strength Lagarde noted that the U.S. economy is gaining strength, calling this good news for America—and good news for the world economy. Although growth is still modest—well under 2 percent—it should accelerate by a full percentage point next year, Lagarde said, adding that the private sector is playing a key role as the engine of growth and job creation. Despite signs of strengthening, the latest jobs data present a mixed picture, with employment remaining well below pre-crisis levels. “The issue of jobs remains paramount,” said Lagarde, noting that jobs and growth is an increasingly important component of the IMF’s policy advice. Lagarde highlighted three key recommendations for U.S. policymakers, drawn from the IMF’s most recent assessment of the U.S. economy. • Fix public finances. Fiscal consolidation could be slower in the short run, but more action is needed to reduce long-run pressures on the budget. Lagarde also warned that political uncertainty over the budget and debt ceiling were not helpful to the recovery. “It is essential to resolve this, and the earlier the better,” she said, “for confidence, for markets, and for the real economy.” • Appropriately calibrate monetary policy. When the time comes, exit from unconventional monetary policy should be gradual, tied to progress in economic recovery and unemployment, and should be clearly communicated and in a dialogue. • Complete financial sector reform. While there has been progress on this front, attention needs to focus on the outstanding “danger zones,” such as derivatives and shadow banking. Global interconnections and role of IMF Lagarde underscored the unique role of the U.S. in the global economy, noting that the economy accounts for 11 percent of global trade and 20 percent of global manufacturing. The country’s global financial ties run deep too, she said. Foreign banks hold about $5.5 trillion of U.S. assets, and U.S. banks hold $3 trillion of foreign assets. While these interconnections have great benefits for the United States, they are not without risks, Lagarde cautioned, referring to the collapse of Lehman Brothers five years ago that ushered in “a harsh new reality” across sectors, countries, and the world. That is why an effective IMF is important for the global membership. “Our policy advice, for example—including in core areas like exchange rates or external imbalances—has helped to prevent or to ease the hardship of crises around the world,” said Lagarde. “That, in turn, has helped reduce the possible negative fallout for the U.S. and for all countries.” An effective IMF must also continue to evolve and anticipate what lies ahead. In this connection, the IMF has placed greater emphasis on global interconnections—the economic spillovers between countries and the financial sector. Lagarde also highlighted the set of governance reforms that the IMF is working toward that will help strengthen its capacity to prevent and resolve crises, and at the same time, help broaden its representation to better reflect the changing dynamics of the global economy. “These quota reforms need the support of all our member countries—including the United States,” she said. The IMF is grounded in the principle of good global citizenship. “If countries work together to serve the common interests, everybody wins,” she concluded. “We all have a large stake in these interconnections.”

### A2 Hours Reduction

#### Hours reductions are still net beneficial for workers – and empirics go aff

Schmitt 13 [John Schmitt (Senior Economist at the Center for Economic and Policy Research in Washington, D.C.) Why Does the Minimum Wage Have No Discernible Effect on Employment? Center for Economic and Policy Research 2013] AJ

The minimum wage does not raise the cost of hiring workers – it raises the cost of hiring an hour of work performed by those workers. Even within the competitive framework, employers might choose to respond to a minimum-wage increase by reducing workers' hours, rather by reducing the total number of workers on payroll.49 If firms were to adjust entirely by cutting hours (that is, they used no other adjustment channel), a minimum-wage increase could still raise the living standard of minimum-wage workers, even in a competitive model of the labor market. Imagine, for example, that the minimum wage increased wages by 20 percent and lowered the number of hours worked by 10 percent. A part-time worker working, say 20 hours per week, would experience a 10 percent fall in hours to, 18 hours a week, but would be paid 20 percent more for each of these 18 hours worked, for a net increase in weekly pay of 8 percent. Even if the reduction in hours was so large that it exactly offset the increase in the hourly wage, minimum-wage workers would still be better off after the increase because they would be earning exactly what they made before, but would now be working fewer hours per week to earn it. Hours adjustments would only reduce a worker's standard of living if the fall in hours were steeper than the rise in wages.50 The empirical evidence on hours effects is not conclusive. Based on indirect evidence, Dube, Lester, and Reich's study of the minimum wage across contiguous counties tentatively suggests that "the fall in hours is unlikely to be large."51 Neumark and Wascher's review of the evidence concludes that "the question of how employers adjust average hours in response to a minimum wage increase is not yet resolved."52

### A2 Sabia, Burkhauser, Hansen

#### Study’s too small – overwhelming majority of evidence goes my way

Schmitt 13 [John Schmitt (Senior Economist at the Center for Economic and Policy Research in Washington, D.C.) Why Does the Minimum Wage Have No Discernible Effect on Employment? Center for Economic and Policy Research 2013] AJ

The Sabia, Burkhauser, and Hansen study, however, is subject to the same critique applied to Hirsch, Kaufman, and Zelenska (and Card and Krueger before them). Sabia, Burkhauser, and Hansen analyzed only one experience of the minimum wage. Even if the effects of the minimum wage were, in truth, zero, we would expect to see a distribution of estimates around zero, including both positive and negative estimates. As Doucouliagos and Stanley demonstrated in their large meta- study of employment effects through the middle of the 2000s, the minimum-wage literature on teenagers showed a range of positive and negative effects, but also a large spike of the most accurate estimates at, or very near, zero. Wolfson and Belman’s meta-study, which focused on the period from about 1990 through 2010, confirms Doucouliagos and Stanley's findings with more recent research. Given how far the Sabia, Burkhauser, and Hansen estimates lie outside this consensus range, the burden of proof would seem to fall on Sabia, Burkhauser, and Hansen to explain why their study of a single experiment with the minimum wage should outweigh the cumulative experience of scores of studies of the U.S. minimum wage since the early 1990s.

### A2 Neumark and Wascher

#### 2 Meta studies conclude no employment effect

Schmitt 13 [John Schmitt (Senior Economist at the Center for Economic and Policy Research in Washington, D.C.) Why Does the Minimum Wage Have No Discernible Effect on Employment? Center for Economic and Policy Research 2013] AJ

In the next two sections of this report, I first summarize the findings of two statistical "meta- studies" (studies of studies) and two, more qualitative, literature reviews of this research; then, take a closer look at several of the most important and influential studies published in the last decade. Meta-studies are “studies of studies” that use a set of well-defined statistical techniques to pool the results of a large number of separate analyses. Meta-study techniques effectively increase the amount of data available for analysis and can provide a much sharper picture of statistical relationships than is possible in any individual study. Meta-studies are widely used in medicine, where the results of many small clinical trials can be combined to produce much more accurate estimates of the effectiveness of different kinds of treatments. Hristos Doucouliagos and T. D. Stanley (2009) conducted a meta-study of 64 minimum-wage studies published between 1972 and 2007 measuring the impact of minimum wages on teenage employment in the United States. When they graphed every employment estimate contained in these studies (over 1,000 in total), weighting each estimate by its statistical precision, they found that the most precise estimates were heavily clustered at or near zero employment effects (see Figure 1). Doucouliagos and Stanley's results held through an extensive set of checks, including limiting the analysis to what study authors' viewed as their best (usually of many) estimates of the employment impacts, controlling for possible correlation of estimates within each study, and controlling for possible correlation of estimates by each author involved in multiple studies. Doucouliagos and Stanley concluded that their results “...corroborate [Card and Krueger's] overall finding of an insignificant employment effect (both practically and statistically) from minimum-wage raises.”12 In their view: “Two scenarios are consistent with this empirical research record. First, minimum wages may simply have no effect on employment... Second, minimum-wage effects might exist, but they may be too difficult to detect and/or are very small.”13 Paul Wolfson and Dale Belman have carried out their own meta-analysis of the minimum wage, focusing on studies published only since 2000. They identified 27 minimum wage studies that produced the necessary elasticity estimates and corresponding standard errors, yielding 201 employment estimates in total. They then produced a range of meta-estimates, controlling for many features of the underlying studies, including the type of worker analyzed (teens or fast food workers), whether the study focused on the supply or the demand side of the labor market, who the authors of the study were, and other characteristics. The resulting estimates varied, but revealed no statistically significant negative employment effects of the minimum wage: "The largest in magnitude are... positive [and] statistically significant... Several are economically irrelevant though statistically significant and several others [are] slightly larger but...statistically insignificant."14

#### Continues:

Schmitt 13 [John Schmitt (Senior Economist at the Center for Economic and Policy Research in Washington, D.C.) Why Does the Minimum Wage Have No Discernible Effect on Employment? Center for Economic and Policy Research 2013] AJ

Meanwhile, Neumark and Wascher (2006, 2007) conducted a qualitative review of the research since the early 1990s on the employment effects of the minimum wage in the United States, other OECD countries, several Latin American countries, and Indonesia.15 In their summary remarks, focusing on the U.S. experience, they note: "What may be most striking to the reader who has managed to wade through our lengthy review of the new minimum wage research is the wide range of estimates of the effects of the minimum wage on employment, especially when compared to the review of the earlier literature by Brown et al. in 1982 [for the Minimum Wage Study Commission]. For example, few of the studies in the Brown et al. survey were outside of the consensus range of −.1 to −.3 for the elasticity of teenage employment with respect to the minimum wage. In contrast, even limiting the sample of studies to those focused on the effects of the minimum wage of teenagers in the United States, the range of studies comprising the new minimum wage research extends from well below −1 to well above zero."16 Based on their subjective weighting of the quality of the research and the reliability of the resulting estimates, Neumark and Wascher conclude: "Although the wide range of estimates is striking, the oft-stated assertion that the new minimum wage research fails to support the traditional view that the minimum wage reduces the employment of low-wage workers is clearly incorrect. Indeed, in our view, the preponderance of the evidence points to disemployment effects."17 By their calculations, of the 33 studies "providing the most credible evidence; 28 (85 percent) ... point to negative employment effects."18 The Neumark and Wascher review, however, is considerably more subjective and arguably less relevant to the United States than the two meta-studies discussed earlier. Only 52 of the 102 studies reviewed by Neumark and Wascher analyzed U.S. data. Of these, Neumark and Wascher designated 19 as "most credible," five of which were their own studies.19 The Neumark and Wascher (2006) review also excludes several important papers that were not published until after the review was completed, including the important contributions of Arindrajit Dube, William Lester, and Michael Reich (2010) and Sylvia Allegretto, Dube, and Reich (2011) (to which we will return to below).20

### A2 EITC CP

#### more

Lane Report 14 [The Lane Report. “More than 400,000 Kentuckians eligible for EITC — Earned Income Tax Credit.” JANUARY 31, 2014] AJ

In tax year 2013, Kentuckians filed nearly 401,000 EITC claims for more than $923 million in benefits statewide. The average awarded credit was $2,299. An estimated 15 to 20 percent of eligible workers still do not claim their EITC benefits, mostly because of lack of awareness, according to the Internal Revenue Service (IRS).

## Arjun Things

### Moar Cards

#### Disalienation alt

Bankey 13 [(Brendon, M.A. Wake Forest University, Department of Communication, 2013 Areas of study: Media Studies, Rhetoric Advisor: Michael J. Hyde B.A. cum laude, Trinity University, 2011 Major Fields: Speech Communication, History; approved by Michael J. Hyde, Ph.D., Advisor Mary M. Dalton, Ph.D., Chair R. Jarrod Atchison, Ph.D.) “THE “FACT OF BLACKNESS” DOES NOT EXIST: AN EVOCATIVE CRITICISM OF RESISTANCE RHETORIC IN ACADEMIC POLICY DEBATE AND ITS (MIS)USE OF FRANTZ FANON’S BLACK SKIN, WHITE MASKS” Thesis Submitted to the Graduate Faculty of WAKE FOREST UNIVERSITY GRADUATE SCHOOL OF ARTS AND SCIENCES] AT

The problem considered here is located in temporality. Disalienation will be for those Whites and Blacks who have refused to let themselves be locked in the substantialized “tower of the past.” For many other black men disalienation will come from refusing to consider their reality as definitive.47 Thus, disalienation appears here as a rhetorical task for those seeking to challenge the ‘tower of the past,’ i.e. negative diachronic assumptions of blackness, as it emerges in temporal space. Attending to Disalienation Rhetorically Fanon’s conclusion to Black Skin, White Masks suggests a way out of structures of discourse that facilitate oppression through disalienation. For Fanon, engaging in disalienation serves as a prerequisite for the emergence of an authentic communication capable of challenging the presence of negative tropes that deny the humanity of colonized peoples. This emergence requires an effort at disalienation in the space of the self/other encounter so that positive voice may occur. Fanon’s thinking here is strikingly similar to the poststructuralist trend, most notably the turn Foucault takes thirty years later in his later writings on the aesthetics of the self. Indeed, Stuart Hall once observed “Fanon’s Black Skin, White Masks ‘anticipates poststructuralism in a startling way.”48 As Phillips reading of Foucault suggests, freedom occurs in those antecedent gaps that 87 challenge power’s ability to define the individual. Employing Foucault’s thinking on the aesthetics of the self, the remainder of this chapter seeks to explicate an understanding of disalienation in line with Foucault’s understanding of parrhesia, or fearless speech. Upon employing alternate readings of the concept of disalienation, this section applies phenomenological readings of concepts of voice and authentic rhetoric to establish a rhetorical understanding of disalienation as what Hyde describes as an individual’s choice to “speak a rhetoric rather than merely allowing themselves to be spoken by a rhetoric.”49 As such, disalienation functions rhetorically as a challenge to commonly accepted cultural worldviews propagated by discourses of power. Recall from the previous chapter Fanon’s observation that the alienation of colonized people has two functions; the first economic and the second an internalization of inferiority brought about by the colonizer. This reading of alienation demonstrates an adherence to the material and social components that stifle black consciousness within his psychological analysis. Continental philosopher Erick Heroux’s scholarship historicizes the concept of disalienation along similar intellectual lines. His work seeks to develop an appreciation of the concepts of alienation and disalienation from the original Marxist perspective. He finds that evolutions in Marxist thought have misinterpreted Marx’s original writings on alienation, the implication being that structuralists have abandoned the secondary aspect of social alienation and instead only focus on the concept through a strictly material lens. Heroux’s article, “The Returns of Alienation,” establishes a Marxist understanding of alienation that mirrors Fanon’s articulation of the term. Citing a key mistranslation among English structural Marxists, he establishes alienation as having two 88 separate functions while explaining that common uses of alienation in reviews of Marx are “fraught with misdirection” and “etymological contra-dictions.” Misdirection and contradiction occurs because “translation into English often dissolves the two” distinct German terms Entäusserung and Entfremdung into the unified term ‘alienation.’ The distinction is necessary to appreciate the former term Entäusserung as connoting a form of economic exclusion and the latter term Entfremdung as conveying an idea of social estrangement. Similar to Fanon, Heroux proposes that we understand the idea of alienation as having two meanings: structural divestment and intrapersonal disaffection. He explains: In order to avoid this all-too-easy confusion, I want to recompose the term into two related concepts. ... I will translate “alienation” as divestment.38 And for the second sense of alienation as “estrangement” I will use disaffection. The former is a structural concept, a position in the relations of production. ... The capitalist who controls the means of production...is invested in production in every sense of the word. Conversely, the worker and consumer, separated from the means of production, are divested. ... This is a structural term since ... Divestment need not be conscious nor felt. It is a placeholder in the political economy; it is a subaltern position in the socioeconomic relations of production. In the usual sense of power, divestment also effectively separates one from creative participation in self- management and decision-making. ... On a more everyday basis...divestment often enough leads to discontent. When this discontent becomes felt and conscious, those who are divested become disaffected. “Disaffection” is therefore ￼￼￼￼￼￼￼￼￼￼￼￼￼89 a term for the kind of alienation that has been personally realized, not just economically lived.50 By applying this reading of alienation to the earlier discussion of Y a bon Banania we can observe Fanon’s description of economic alienation as divestment rooted in forms of economic colonialism. Similarly, we can read what he deems the “internalization or rather epidermalization that inferiority” as disaffection infecting consciousness as a result of colonial social relations. Appreciating the distinction between divestment and disaffection is necessary to understand the role individuals play in disalienation. Fanon observes, “Genuine disalienation will have been achieved only when things, in the most materialist sense, have resumed their rightful place.” In this sense, complete disalienation requires an elimination of colonial economic structures that divest colonized persons from their natural resources and labor. Despite this, Fanon still characterizes Black Skin, White Masks as offering a “path to disalienation” for colonized people seeking to reverse their “affective disorders” and offers the cure through “genuine communication.” Although facilitating communication between colonizer and colonized has little guarantee of ensuring structural divestment, Fanon’s description of disalienation suggests that recovery from disaffection occurs through the acknowledgement of alterity’s voice within the temporal space of the self/other encounter.51 Fanon’s statement “if the white man challenges my humanity I will show him by weighing down on his life with all my weight of a man that I am not this grinning Y a bon Banania figure that he persists in imagining I am” is intriguing for this reading. He seems to suggest that our commitment to genuine communication with the other also requires an 90 ethical challenge to those negative discourses that certain worldviews would impose upon the individual. Heroux’s assessment of disalienation qualifies Fanon’s statement. He argues that disalienation as critical praxis aligns itself “with ‘contingency’ and a ‘distrust of all foundations, essences, and absolutes.”52 Thus, disalienation for both Fanon and Heroux requires that individuals seeking to invent a space of freedom challenge those negative essences and flawed historical assessments that culture imposes upon certain bodies. It is this discussion of essences that anticipates post-structuralism and the work of Foucault so startlingly. In his examination of Foucault’s thought, rhetorical critic Dave Tell establishes Foucault’s challenge to discourses of power as resistance to the imposition of artificial essences that subjectivate individuals. From Tell’s understanding, we can read Foucault’s work on discourse through a fundamentally Nietzschean critique of metonymy and the abstractions it produces to define and limit the possibilities of the human condition. He writes, “Nietzsche defined metonymy as the substitution of an abstract cause for concrete appearances. It is by metonymy that abstract concepts, ‘which owe their origin only to our experiences, are proposed a priori to be the intrinsic essences of the things: we attribute to the appearances as their cause that which still is only an effect.’” As Black Skin, White Masks demonstrates, Y a bon Banania—and the diachronic meaning of the colonized person grinning in their subservience it carries with it— represents the literal abstraction black folks were reduced to in mid-twentieth century Francophone territories. For Fanon, fostering a space for freedom necessitates a challenge to that abstract reading of the black body. Likewise, “Foucault’s entire critique of power and resistance was grounded in a rhetorical mode of thought” because “modern power 91 works metonymically—it intensifies its effects by substituting origins for events.” Resistance to power thus requires challenging those discourses that reduce individuals to negative metonymic essences.53 Heroux’s work, when read alongside Fanon’s, allows us to consider discursive challenges to negative essences such as Y a bon Banania as acts of fostering self- consciousness. In his analysis of disalienation, Heroux explains “the invention of a ‘radical subjectivity’ was not some individual withdrawal into inner free-play... but was discussed only in relation to a collective front in which consciousness-raising was the recognition of oneself in others who were also attempting to find something beyond their identification with roles.”54 Likewise, Fanon’s assumption of the importance of “self- consciousness and renunciation” within disalienation implies that engagement with alterity also functions critically as a form of work on the self.55 Disalienation as a concept then requires that an individual pursuing self-consciousness outside of discourses of power must attempt to do so with both the self and the other in mind. Here I will borrow from Markmann’s translation to expand on this notion of self- consciousness through challenging discourses of power. Markmann translates Fanon’s final passage on disalienation as follows: The Negro is not. Any more than the white man. Both must turn their backs on the inhuman voices which were those of their respective ancestors in order that authentic communication be possible. Before it can adopt a positive voice, freedom requires an effort at disalienation. At the beginning of his life a man is always clotted, he is drowned in contingency. The tragedy of the man is that he was once a child. 92 It is through the effort to recapture the self and to scrutinize the self, it is through the lasting tension of their freedom that men will be able to create the ideal conditions of existence for a human world.56 Markmann’s interpretation provides subtle distinctions that qualify Philcox’s interpretation.57 First, the two translations imply that readers of Fanon may interpret the ideas of genuine communication and authentic communication concomitantly. Second, whereas Philcox translates Fanon’s explanation of disalienation as beginning with “self- consciousness and renunciation” Markmann interprets disalienation as beginning through “the effort to recapture the self.” Both, however, use the language of “permanent tension” with freedom. We can therefore observe Fanon’s understanding of self-consciousness along the lines of recapture of the self from discourses of power. Moreover, freedom is always in permanent tension because of the prevalence and reemergence of inhuman voices of the past that repeat and play upon negative archetypes of humanity. This notion of recapturing the self from discourses that circulate negative essences is similarly present in Foucault’s later work concerning the aesthetics of existence, specifically his understanding of parrhesia. G. Thomas Goodnight describes parrhesia as a unique “figure of thought associated with speaking truth to power.”58 Parrhesia occurs when “the speaker” risks her personal security to offer forth “a complete and exact account” of an event that refuses traditional abstractions. Foucault expands on this definition: Parrhesia is a verbal activity in which a speaker expresses his personal relationship to truth, and risks his life because he recognizes truth-telling as a duty to improve or help other people (as well as himself). In parrhesia, the speaker 93 uses his freedom and chooses frankness instead of persuasion, truth instead of flattery, the risk of death instead of life and security, criticism instead of flattery, and moral duty instead of self-interest and moral apathy. One who engages in parrhesia may only proclaim her personal opinion. Foucault explains, “The parrhesiastes is not only sincere and says what is his opinion, but his opinion is also the truth. He says what he knows to be true.” The process of parrhesia is rooted in the ethical practices of the self. The parrhesiast “prefers himself as a truth-teller rather than as a living being who is false to himself.” Parrhesiastes are unique in the sense that they reject external pressures to truth and refuse the essences that render individuals into subjects.59 Heroux identifies Foucault’s turn to parrhesia as emblematic of disalienation because it seeks a “non-discursive” mode of existence that undermines the “a priori essence” of traditional forms of representation.60 Disalienation in this sense functions as resistance by changing “the balance of power relations” and undermining “the powers of ‘normalization’” through speech acts that contradict those essences written on the individual. Tell argues, “By refusing the insertion of origins, by exposing them as arbitrary constructions and thus literally undoing” the metonymies that interpellate individuals, parrhesia functions “as a point of resistance to a power that operates only in depth.”61 Similarly, Nancy Luxon finds that Foucault’s lectures and writings on parrhesia “offer a model of ‘expressive subjectivity’ composed of practices of ethical self- governance that would prepare individuals for ethical subjectivity, prompt them towards political action, and find them in their relations to others rather than founding them on 94 claims to knowledge.”62 Here we observe the concept of radical subjectivity necessary to both Fanon and Heroux’s understanding of disalienation. Of fundamental importance here is the distinction between knowledge and truth. Knowledge, or episteme, suggests a complete understanding of world events that is ultimately fleeting. Foucault’s understanding of truth, or alethia, elevates the importance of subjective experience in defining our ability to understand our given surroundings.63 Writing on the limiting effects of knowledge, Tell observes it as “a product of metonymically substituting an abstract concept for a tangible example” which “so constructed blinds the knowledgeable from the particularities of the given.”64 The implication of this metonymic substitution, or double-association, is that it divides an individual between her experience and the “usual codes” of language necessary to express it.65 According to Tell, “A metonymically constructed knowledge of the self separates the knower from his body: it has turned ‘man’ into ‘mere abstractis.’”66 This division between the individual and the abstractions imposed on her is fundamental to the experience of alienation described throughout Black Skin, White Masks. As Fanon observes from his encounter on the train, “Beneath the body schema I had created a historical-racial schema. The data I used were provided not by ‘the remnants of feelings and notions of the tactile, vestibular, kinesthetic, or visual nature’ but by the Other, the white man, who had woven me out of a thousand details, anecdotes, and stories.”67 Hence, discourse captures certain bodies and imposes upon them an episteme generated through abstraction that divides them from the truth of their existence. As Fanon’s encounter on the train suggests, the sense of division occurs through experiences of encountering discourses that undermine an individual’s attempt at self- 95 definition. Parrhesia is essentially a personal challenge to those discourses that facilitate division. Luxon writes: our experience of the world leaves us divided—whether we characterize this division as one of misrecognition (Hegel), alienation (Marx), resentiment (Nietzsche), neurosis (Freud), or bad faith (Sartre), the division is present, is variously constitutive of individuals, and is on many accounts what impels moderns towards political and ethical responsibility. What remains, then, is the challenge of living with, overcoming, or transforming these divisions.68 Luxon’s reading is interesting because the philosophers she employs are all present throughout Fanon’s discussion of the affective disorders facing colonized persons in Black Skin, White Masks. It appears then that both Fanon and Foucault are primarily concerning with overcoming this division, or double-association. Accordingly, Luxon assesses Foucault’s shift to theorizing parrhesia as his attempt to reclaim the individual by “moving away from the ‘doubled’ subject” and the “‘epistemological grammar’ of humanism” that forces individuals into universal abstractions.69 Fanon’s charting of disalienation abides by Foucault’s characterization of parrhesia. He articulates his authorial role as “[undertaking] to risk annihilation so that two or three truths can cast their essential light on the world.” The essential light he describes is the importance of rejecting universal assumptions of humanity based on a reading of the other’s skin tone. Risk taking through speech acts is similarly essential to Fanon’s task of disalienation. As he states, “Only conflict and the risk it implies can, therefore, make human reality, in-itself-for-itself, come true. This risk implies that I go beyond life toward an ideal which is the transformation of subjective certainty of my own 96 worth into a universally valid objective truth.” From this sense, disalienation challenges cultural knowledge with the objective truth of his personal experience. The rejection of “scientific objectivity” present in Fanon’s attempt to speak the truth of his experience occurs precisely because “the alienated and the neurotic were [his] brother, [his] sister, and [his] father” and applying some measure of scientific positivism would fail to capture the unique nature of his personal experience. The scientific measure merely describes how “the past, along the lines of an inauthentic mode, catches on and ‘takes’ en masse, and, once solidly structure, then gives form to the individual” into a thing. And while it can explain how “the past [has] transmuted” black life “into a thing of value,” it fails to recognize Fanon’s wish to “revise [his] past, prize it, or condemn it, depending on what [he chooses].” Fanon speaks this truth in his writing, “It is not the black world that governs my behavior. My black skin is not a repository for specific values.” Black Skin, White Masks is as much a criticism of colonized people who disaffect, or “abnormalize,” themselves by donning a white mask to hide their black skin as it is a criticism of abstracting identity through one’s skin.70 What Fanon describes as “birth of a human world, in other words, a world of reciprocal recognitions” becomes possible through speech acts of disalienation and parrhesia. As Judith Butler writes: If there are norms of recognition by which the “human” is constituted, and these norms encode operations of power, then it follows that the contest over the future of the “human” will be a contest over the power that works in and through such norms. That power emerges in language in a restrictive way or, indeed, in other modes of articulation as that which tries to stop the articulation as it nevertheless 97 moves forward. That double movement is found in the utterance, the image, the action that articulates the struggle with the norm. Those deemed illegible, unrecognizable, or impossible nevertheless speak in the terms of the “human,” opening the term to a history not fully constrained by the existing differentials of power.71 Likewise, Foucault’s “goal” with his shift to parrhesia and the aesthetics of the self “is to offer not an ethics of absolute values, but a set of expressive practices independent of any appeal to the absolute values offered by nature, religion, tradition, sexual identity, or the human.”72 Reading disalienation along these lines affords us an understanding of how to challenge representations such as Y a bon Banania and the reduction of black, or similarly colonized, bodies to negative tropes. Thus, we can read Fanon’s disalienating promise to impose his self on those who would reduce his humanity to Y a bon Banania as an act of speaking truth to power that recaptures and his humanity from discourses of metonymy. In this sense, parrhesia seeks “the negation of the negation” (i.e., it challenges the disaffection that occurs through alienation) and attempts what Orlando Patterson describes as “the need for disenslavement, for disalienation, for negation of social death, for recognition of [black folks] inherent dignity.”73

#### Solves social death

Bankey 13 [(Brendon, M.A. Wake Forest University, Department of Communication, 2013 Areas of study: Media Studies, Rhetoric Advisor: Michael J. Hyde B.A. cum laude, Trinity University, 2011 Major Fields: Speech Communication, History; approved by Michael J. Hyde, Ph.D., Advisor Mary M. Dalton, Ph.D., Chair R. Jarrod Atchison, Ph.D.) “THE “FACT OF BLACKNESS” DOES NOT EXIST: AN EVOCATIVE CRITICISM OF RESISTANCE RHETORIC IN ACADEMIC POLICY DEBATE AND ITS (MIS)USE OF FRANTZ FANON’S BLACK SKIN, WHITE MASKS” Thesis Submitted to the Graduate Faculty of WAKE FOREST UNIVERSITY GRADUATE SCHOOL OF ARTS AND SCIENCES] AT

Heroux ultimately characterizes “Foucault’s method” as “[joining] in with that voice from below that is already trying to speak.”74 Here we find a similar observation to Fanon’s conclusion that an effort at disalienation is necessary to recognize positive voice. Watts devotes much attention to voice as a rhetorical phenomenon. He defines voice as: 98 a particular kind of speech phenomenon that pronounces the ethical problems and obligations incumbent in community building and arouses in persons and groups the frustrations, sufferings, and joys of such commitments. Rhetorical “voice” is not a unitary thing that inhabits texts or persons either singly or collectively. It is itself a happening that is invigorated by a public awareness of the ethical and emotional concerns of discourse.75 Watts’ theory of voice seeks to resurrect it from its status as “an ambiguous and redundant concept” that represents either “a unidirectional, primordial and autonomous projection out of the body” or a “semiotic project” that corresponds to “a subject position that we, in turn, take up” or an “identity across history and can be recollected from within a Diaspora.” A key component of Watts’ reconceptualization is that voice occurs in temporal space as “a function of a public acknowledgment of the ethics of speaking and the emotions of others” and corresponds to an individual or group seeking recognition outside of imposed subjectivities. As a “relational phenomenon occurring in discourse,” voice represents the “sound of specific experiential encounters” that foster acknowledgement of individuals.76 As Heroux’s statement suggests, Foucault’s turn to the aesthetics of the self facilitates the voice from below trying to speak by limiting available forms of knowledge and allowing subjects to reveal themselves as individuals in communal encounters. Borrowing from Hyde and Smith, Watts argues that voice occurs in a “shared affective space” and varies in resonance based in the “emotional intensity and tone” that “heighten one’s perceived proximity and empathy toward persons.” It principally “concerns itself with the material or symbolic conditions of ‘speaking’ and ‘hearing’” and is “constitutive 99 of an ethical and emotional event.”77 The focus on specific events is similarly important for Foucault. As Tell argues, “resistance to power requires countering the claims of metonymy with the irreducibility of the event.”78 In that moment of disalienation, or resistance, “voice announces the felt experience of one’s immediate relation to and inseparability from the world and others.”79 Freedom is thus felt in that moment that voice announces the limitations of power’s ability to subject individuals through negative discourses. “Embarking on a positive voice,” then, requires freedom “to make an effort at disalienation” in order to raise awareness to the ethical implications of discourse within a given community or culture.80 According to Watts, “The audibleness of voice can be ‘conceived of ... as coinciding with the very process of enunciation,’ the emergence of subjectivity during sensemaking. Hence, voice does not occupy the private body for very long; it seeks a hearing and often “dies” before receiving one. A condition for voice, thus, is social.” Granted, “voice ‘exists’ without an Other to recognize its emanation; but this conception is poverty” because positive voice requires a recognition of the original utterance to foster acknowledgement. Watts explains: The richness of voice is endowed as a function of the social body. This is so because when “I” speak, voice is situated between my “experience and representation of [my] experience.” It lives (momentarily) at the junction of my body’s nature and our shared culture. The fact that “I” am writing these words refers to the instability of the emerging subject making sense and to the very opening through which affect takes off. The signifier “I” is in motion, always 100 opening up; everything “I” say is at once a regimented signification—a placeholder for meaning—and a mobile morphology alive with alterity.81 Voice is thus the sound of disalienation that challenges abstractions imposed on the body. The “I” who speaks “is not detachable from a body” but is also “always in excess of the body presumed to contain it.”82 Disalienation challenges power by announcing the “I” denied by the essences it produces. Voice is positive when that “I” is understood and acknowledged by the social body. Within the specific context of black and white social relations, Watts establishes the “transfixion” of “the black body” through “the white gaze as an event that prohibits mutual understanding between the races” by freezing the “black body as an object of ‘amused contempt and pity.’” Mirroring Fanon’s experience on the train, Watts explains that the white gaze holds the black body “actionless” and “muted; [the black body] thus, does not constitute a being to which one must answer.” “White supremacist thinking” thus contributes to social death by “[creating] a fantasy of complete knowledge about the ‘objective’ world of which the black body is a part.” Positive voice is “actualized” as a challenge to this social death through a “phenomenon of public hearing” whereby white folks acknowledge “the articulation of the ethical problems of black speech and the love and frustrations Americans share regarding their common dwelling place.” The emergence of positive voice in this context occurs when white folks favor “the actual act of seeing” the truth of the black body’s experiences in place of the “knowledge” of the black body’s essences imparted through their fore-structure.83

#### More alt solvency

Bankey 13 [(Brendon, M.A. Wake Forest University, Department of Communication, 2013 Areas of study: Media Studies, Rhetoric Advisor: Michael J. Hyde B.A. cum laude, Trinity University, 2011 Major Fields: Speech Communication, History; approved by Michael J. Hyde, Ph.D., Advisor Mary M. Dalton, Ph.D., Chair R. Jarrod Atchison, Ph.D.) “THE “FACT OF BLACKNESS” DOES NOT EXIST: AN EVOCATIVE CRITICISM OF RESISTANCE RHETORIC IN ACADEMIC POLICY DEBATE AND ITS (MIS)USE OF FRANTZ FANON’S BLACK SKIN, WHITE MASKS” Thesis Submitted to the Graduate Faculty of WAKE FOREST UNIVERSITY GRADUATE SCHOOL OF ARTS AND SCIENCES] AT

Authentic, or genuine, communication results from the acknowledgment of positive voice. “Acknowledgment of the affective and ethical dimensions of speech” forces us to interrogate how “we are made to be as ‘subjects’ of and for the ‘crowd’ and the ‘herd.’”88 Authentic communication thus emerges between those “selves who, at least for the moment, have moved beyond the depersonalizing tendencies of the ‘they’ and who would have us do the same for the sake of our own authenticity as well as for the purpose of engaging other selves.” Borrowing from Foucault, Hyde explains authentic communication as a means of challenging those “regimes of truth” that “rhetorically and ideologically” subject “its members to certain ways of seeing, speaking, and writing about themselves to further empower the body of which they are a part.”89 Voice, then, is the spark that sets in motion the self’s “potential for becoming more than the herd- influenced creature that it typically is conditioned to be by the restrictive communal and moral codes of social, political, and religious institutions.”90 In this instance, freedom presents itself when the self actualizes its “potentiality- for-Being” as the “condition of being open to (and free for) the possibilities” of existence. This emerges discursively through authentic rhetoric, or “a rhetoric of the Self and for the Other (Self).” Although Foucault understands his aesthetics of the self as antithetical to rhetoric’s persuasive functions, Hyde’s model of authentic rhetoric demonstrates a compatibility with Foucault’s thought by presenting a mode of rhetorical invention “constantly against the spector of ‘subjectivity’ because ... the ‘self,’ in its historical 103 being, is always a function of the discourse of others.” From this, a space for freedom emerges through rhetoric that challenges the subjectivating function of cultural discourses.91 Fanon’s concluding chapter demonstrates a similar notion of freedom. Within it, he writes: I find myself, me, a man, in a world where words are fringed with silence; in a world where the other hardens endlessly.... Here is my life caught in the noose of existence. Here is my freedom, which sends back to me my own reflection. No, I have not the right to be black. It is not my duty to be this or that. If the white man challenges my humanity I will show him by weighing down on his life with all my weight of a man that I am not this grinning Y a bon Banania figure that he persists in imagining I am. I find myself one day in the world, and I acknowledge one right for myself: the right to demand human behavior from the other. And one duty: the duty never to let my decisions renounce my freedom. I am not a prisoner of History. I must not look for the meaning of my destiny in that direction. I must constantly remind myself that the real leap consists of introducing invention into life. In the world I am heading for, I am endlessly creating myself.92 Freedom, for Fanon, occurs through the invention of new discourses that do not adhere to cultural or social relations of historical forms of oppression. In this sense, he is seeking a 104 language unconstrained by traditional understandings of the black/white dialectic that make individuals with those complexions inaccessible to the other. This does not mean, however, some form of retreat into colorblindness. Rather, in acknowledging his right to “demand human behavior from the other” Fanon establishes his obligation to impose his self on the other who would deny him freedom by locating him in negative cultural understandings of black humanity. Authentic communication emerges here through the aesthetics of the self as a challenge to those negative tropes that confine the truth of individual existence. The ultimate aim of Foucault’s thought is to establish “a use of philosophy which may enable us to limit the areas of knowledge.”93 Authentic rhetoric accomplishes that task by “trying to say something more about [an individual’s] history than what others are presently saying or not saying about it.” Moreover, when “the individual puts her self on the line and announces something about the world that, in this particular self’s opinion, has yet to be revealed in the vernacular of a community or audience that the individual has chosen to address,” she is injecting a form of doxa that restricts episteme and leaves alethia in its place. Despite its analytic origins, Black Skin, White Masks is principally concerned with this task of limiting current forms of knowledge. Recall Appiah’s foreword to the book; Fanon is still revered within postcolonial studies precisely because of his decisive willingness to challenge and re-theorize historical assumptions about francophone colonial relations. By challenging the objective standard of psychology through his subjective telling of personal experience, he engages in the critical act of “[speaking] a rhetoric rather than merely allowing [his self] to be spoken by a rhetoric” dictated by French representations of Y a bon Banania.94 105 Let us revisit the final words of Black Skin, White Masks. Fanon writes, “At the end of this book we would like the reader to feel with us the open dimension of every consciousness. My final prayer: O my body, always make me a man who questions!” To feel the open dimension of every consciousness, as he describes, necessitates our ability “touch the other”95 through practices of disalienation and acknowledgment of positive voice. As Hyde writes: The ethical requirement of authenticity calls the Self toward the Other. In struggling to live out the chosen possibilities of an authentic existence, I must be open to the possibilities of others; I must be willing to test my selfhood for others so that it can in turn be tested by others.96 This ability to “be a ‘voice of conscience’ for the Other” and to allow the other to act as our voice of conscience depends on the art of rhetoric and its meaning making function. Fanon presents himself as this voice of conscience throughout Black Skin, White Masks. In doing so, he seeks to expand the “actual consciousness” of his readership by revealing the extent to which it lacks complete knowledge of colonial relations. In doing so, he seeks to tap into the “‘potential’ consciousness,” or “maximum possible awareness,” of his readership to develop the understanding that although we cannot (and should not) divorce ourselves from our complexion, we must not allow it to prescribe our existence.97

## A2 CPs

### A2 EITC

#### Perm do both – the programs complement each other. Absent a wage floor, employers capture benefits and EITC is misallocated

Konczal 14 [Mike Konczal (Mike Konczal is a fellow at the Roosevelt Institute. His work has appeared in The Nation, Slate, and The American Prospect). “7 Bipartisan Reasons to Raise the Minimum Wage.” Boston Review. March 3, 2014] AJ

Many policy analysts point out that if our sole concern is to reduce poverty, we can just give poor people money. Economists consider the minimum wage a blunt tool for fighting poverty, as its effects spread over broad populations, failing to isolate the poorest. And the government has other successful tools to narrowly target poverty, most notably the Earned Income Tax Credit (EITC). These are fair points. But the minimum wage is still an excellent and necessary weapon against poverty. Where other policy tools can’t reach, the minimum wage can. As it is currently structured, the EITC does little to boost the income of those without children. Also, since one must be working in order to qualify for the EITC, the credit encourages growth of the labor supply and thus is likely to drag wages down for those who don’t qualify, allowing employers to capture part of the EITC’s benefits. According to government estimates, at least 20 percent of EITC payments are improperly paid. Some recipients claim too much by accident or by fraud; others don’t get the full value they were entitled to because the claims process can be confusing. And yearly payments are not that effective for poor people barely making it month to month. A higher minimum wage doesn’t have any of these problems. It is practically self-enforcing. People who need it will get it, and it won’t require a massive tax-code bureaucracy to enforce. The income is given to people throughout the year, in each paycheck, rather than in a lump sum. One needn’t have children in order to benefit fully. To the extent that the EITC is captured by employers, a higher minimum wage will balance that out. There is no potential for fraud. And while the EITC costs the government money, which must come from other programs or new taxes, the minimum wage comes at no additional cost to taxpayers, except when it is applied to government employees (which is rare, since government jobs usually pay more than the minimum wage). Once you consider how the EITC is implemented, the minimum wage makes perfect sense as a complement.

### A2 XO CP

#### Exec order is unconstitutional – CP is literally impossible

Kirsanow 14 [Peter Kirsanow. “The Minimum-Wage Executive Order Is Unconstitutional.” National Review. Feb 17, 2014. http://www.nationalreview.com/corner/371284/minimum-wage-executive-order-unconstitutional-peter-kirsanow] AJ

The president issued an executive order last week purporting to raise the minimum wage for employees of federal contractors to $10.10 an hour. The order is unconstitutional. The Supreme Court made clear in Youngstown Sheet and Tube Co. v. Sawyer that “the President’s power, if any, to issue the [executive] order must stem either from an act of Congress or from the Constitution itself.” Furthermore, “when the president takes measures incompatible with the expressed or implied will of Congress, his power is at its lowest ebb, for then he can rely only upon his own constitutional powers minus any constitutional powers of Congress over the matter.” Nothing in the Constitution grants the president authority to set or raise the minimum wage independently of an act of Congress. Furthermore, although the president generally has authority to improve the efficient discharge of federal contracts, the president’s minimum-wage order is incompatible with the expressed and implied will of Congress. Congress has made its will regarding the minimum wage for federal contractors abundantly clear in four separate statutes: The Service Contract Act, the Davis Bacon Act, the Walsh-Healey Act, and the Fair Labor Standards Act. Under those statutes, the minimum wage for many, if not most, employees of federal contractors is the prevailing minimum wage for employees in the specific job classification in the locality where the work is to be performed. For the remaining classifications of employees for whom no prevailing minimum wage exists, the minimum wage is slotted into the minimum for similar jobs, or is governed by the minimum set by Congress in the Fair Labor Standards Act, i.e., $7.25.

## New Zealand Aff

### Brown et al 13

Brown et al 13 [Annabel Newman - Service and Food Workers Union Nga Ringa Tota, Muriel Tunoho - Health Care Aotearoa, Eileen Brown - New Zealand Council of Trade Unions, Te Kaue Kaimahi. “The Living Wage campaign: collaboration in practice.” Proceedings of the 2013 Public Health Association Conference] AJ

Aa

#### Definition of LW in NZ

Following its strong establishment in the United Kingdom, Canada and the United States, the Living Wage campaign was launched in New Zealand in 2012. The Living Wage (LW) movement promotes the concept of a wage that is fair and is an adequate level of income that meets basic needs to be met and enables a dignified life. Living Wage Aotearoa is an alliance of 200 community organisations, faith based religious groups and trade unions. What is a LW and why is it necessary? The Living Wage Aotearoa New Zealand uses the following definition: A living wage is the income necessary to provide workers and their families with the basic necessities of life. A living wage will enable workers to live with dignity and to participate as active citizens in society. In February 2013, following a research process undertaken by the Family Centre Social Policy Research Unit, a LW figure of $18.40 was announced. A LW is distinguished from a poverty or income hardship threshold. To calculate the LW the researchers took a household of 2 adults and 2 children (the most common New Zealand family size). The household was assumed to have 2 income earners, one working full time and the other half time. The researchers undertook focus groups and secondary research to establish the LW. The process calculated that a total gross income of 1.5 incomes of $57,432 was required to meet the estimated household income for the family. This in turn produced an hourly rate of $18.41. Two caveats were recognised: that regional variation exists, and secondly, that the calculation of the hourly rate is set on existing support entitlements and if any of these changes this would affect the calculation – either up or down.

#### New Zealand LW calculation

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#### Squo harms in NZ

The context for the LW is:

• 270,000 New Zealand children live in poverty

– one in six of those is Pākehā, one in four Pasifika and one in three Māori.

• 90, 000 plus workers are currently on the

minimum wage of $13.75 and more than

• 31% of all waged workers earn less than $18.40

an hour (573,100 people).

• 40 percent of children living in poverty come from families where at least one person is in full time work or self-employed.

• New Zealand is now one of the least equitable countries in the OECD, with high inequality levels. The wealth of the richest 150 people in New Zealand grew by 20% in 2010 while wages moved less than 2%.

• People are concerned about the destructive effect from inequality in New Zealand

• The compelling evidence of the cost of inequality (see The Spirit Level) is that a more equal society is better and has fewer social problems and better quality of life for all.

## K Aff Cards

### Feminization of Poverty

#### Women stand at the intersection of structural issues trapping them in poverty – low wages are the primary determinant

Snarr 11 [C. Melissa Snarr, “WOMEN’S WORKING POVERTY: Feminist and Religious Alliances in the Living Wage Movement.” Journal of Feminist Studies in Religion, Volume 27, Number 1, Spring 2011, pp. 75-93] AJ

One reason feminists have worked for gender-neutral living wage ordinances is the disproportionate number of women in “working poverty” in the United States (or women who work full time and still cannot provide for their family’s basic needs).9 In the last several years, the “gender gap in poverty” has held steady with women 1.2 times (approximately 124 percent) more likely than men to live below the federal poverty line.10 This gap exists across most major racial/ethnic groups (in other words, 26.1 percent of African American women fall below the federal poverty line compared to 22.5 percent of African Ameri- can men, 25.9 percent of Hispanic women compared to 22.5 percent of His- panic men, and 11.3 percent of white women compared to 9.6 percent of white men).11 Moreover, while poverty rates for men and women are relatively the same in childhood, they increase significantly for women in their childbearing years.12 Thus a gendered analysis of poverty has become increasingly prominent even as the single-year gender gap in income has been closing. In the late 1970s, the feminization of poverty became an accepted analytical term as scholars such as Diana Pearce observed increased poverty rates for women and children.13 But rather than focus on the growth of “female-headed households” as the primary factor in the gendered poverty gap, recent scholar- ship paints a more complex picture of women’s working poverty. This scholarship, much of which living wage activists have adopted, argues that women’s predominance in low-wage occupations, inadequate institutional support (for example, lack of child care, familial allowances, and child support), and lack of assets leave women particularly vulnerable to poverty. Perhaps most prominent, living wage organizers embrace feminist econo- mists’ and sociologists’ argument that the predominance of women in low-wage occupations is the key factor in the feminization of poverty. In 2009, 63 percent of the workers who earned the federal minimum wage were women. Women, particularly African American and Hispanic, also disproportionately dominate the lowest-wage occupations, which, according to the U.S. Bureau of Labor Statistics, are: (1) food-preparation, food-serving, and food-related occupations; (2) buildings and grounds cleaning and maintenance; and (3) personal care and service. In her analysis of gendered poverty in seventy American cities, Sara Lichtenwalter concludes that the percentage of females employed in low-wage occupations, not single female-headed households, is “the primary determinant” of the feminization of poverty. In fact, as Lichtenwalter’s quantitative regression analysis of census data shows, “there was no evidence of a unique impact from the percentage of female headed families in each city, or the study’s other inde- pendent variables, on the gender poverty gap, with the exception of their contri- bution through the proportion of females in the lowest wage occupations. This study provides empirical support for the likely ineffectiveness of [Temporary Assistance for Needy Families] initiatives promoting employment and marriage for alleviating female poverty.”15 In a similar manner, living wage activists focus on increasing wages, not just employment and certainly not marriage. Although wage growth has been greater overall for women than for men since 1970, feminist living wage activists also note that even in closing the sin- gle-year gender wage ratio, the story is one of gain through loss. Particularly for those in working poverty, closing the single-year gap is tied to the fact that men in the lowest income brackets are generally paid minimum wage, which has been falling in real dollar value for decades. For the working poor, gender equity in wages is illusory, in part because low-wage men are struggling so much in the labor market as well.16 Feminist researchers add to these arguments by cautioning that the picture is more complicated than simply “closing” the single-year gender wage gap.17 Women’s earning power over time is important if we are to notice the myriad ways that unpaid labor curtails women’s lifetime earnings. Currently, the U.S. Bureau of Labor Statistics calculates the gender wage ratio for a single calendar year of full-time earnings. The ratio compares male and female wages in the same occupations during a one-year period. However, if women’s earnings are analyzed cumulatively and longitudinally (as, for example, over the course of a fifteen-year period in the “

Study of Income Dynamics”), the gender income gap is even more pronounced, due to the lower number of hours that women work over a working life and their years without pay due to family care.18 Economists Stephen Rose and Heidi Hartmann maintain that when earnings are analyzed longitudinally, women in their “prime working years”—between twenty-six and fifty-nine—earn only 38 percent of what men earn during the same period.19 Because women still bear most of the burden of unpaid home- based labor, including child and elder care, the majority of women—52 per- cent—will miss one full year of earnings in their prime earning years, whereas 16 percent of men will do the same. Education and experience do not pro- tect women from this significant income loss over their life span. But because women overwhelmingly hold the lowest paid jobs in the United States and do most of the economy’s unpaid labor, particularly in caring for children and the elderly, they are at greater risk for working poverty if they divorce or never marry, especially if they have children.20 Moreover, women’s disproportionate lack of wealth (or assets minus debts) accumulation over their lifetime leaves both them and their dependents far more vulnerable to economic downturns or emergencies than men. We see this most dramatically among African American and Hispanic women who, on aver- age, garner very little wealth over the course of their lives. As Mariko Chang observes, during their prime working years, “the median wealth for women of color is only $5 [excluding the depreciating assets of automobiles]. Prior to age 50, women of color have virtually no wealth.”21 This lack of single-generation wealth accumulation intersects with little inheritance (a long-standing effect of prior racist legal and economic regimes), placing African American and His- panic women in positions of greater vulnerability as they seek to navigate the low-wage labor market. As Martha Gimenez also argues, “For men, poverty is often the consequence of unemployment and a job is generally an effective remedy, while female poverty often exists when a woman works full-time.”22 In this manner, Gimenez reminds readers that it can be misleading to see gen- der as the most important variable leading to poverty: “Gender matters among those whose social class location reduces them to the need to work for their economic survival.”23 “Propertyless women” are most at risk of becoming poor and this reality is simultaneously raced and gendered.2 Ultimately, scholars of the feminization of poverty track not only income inequality but also the “inequalities and biases within households, labor mar- kets, legal codes, and political systems throughout the world” that make women more vulnerable to poverty.25 Through this lens, women in the United States are also more vulnerable to working poverty as compared with other industrial- ized countries due to limited state supports (through family allowances, child care, paid family leave, and so on), less robust child-care support from fathers (most of whom are also poor), and lack of asset ownership.26 Compared to other industrialized Western countries, the largest gap between female and male poverty rates is in the United States.27 In 2009, 39.9 percent of families with chil- dren under age eighteen fell below the poverty line who lived “with a female householder, no husband present” while 2 percent lived in poverty “with a male householder, no wife present” (and in contrast to 9.6 percent in married households with children under eighteen).28 But rather than pinning the causal- ity of this poverty on female-headed households, most recent research argues that the gender-segregated low-wage sector, the state’s lack of support for family care, and women’s limited assets place them in ongoing vulnerabilities—even with a job.

### Gender

#### Gender equality

Konczal 14 [Mike Konczal (Mike Konczal is a fellow at the Roosevelt Institute. His work has appeared in The Nation, Slate, and The American Prospect). “7 Bipartisan Reasons to Raise the Minimum Wage.” Boston Review. March 3, 2014] AJ

The minimum wage affects women disproportionally, especially women of color. According to the Center for American Progress, more than 64 percent of those earning the minimum wage or less are women. African American and Latina women are 15.8 and 16.5 percent of female minimum wage earners, respectively, though only about 12.5 percent of employed workers. Women are increasingly breadwinners or co-breadwinners in many households, and a higher minimum wage will allow for a family of three to be raised out of poverty on one full-time salary. Almost 80 percent of minimum wage earners are more than twenty years old. According to researchers at the Economic Policy Institute, the average worker affected by a $10.10 minimum wage hike would be thirty-five years old, with more than half working full-time. Twenty-eight percent of these workers have children. So this is not just a matter for teenagers without dependents. It is important to understand how the service industry evolved from of a traditional vision of women’s role in the economy. The historian Bethany Moreton has argued that the emergence of Wal-Mart’s low-wage workforce can be seen as an extension of women’s perceived duty to care and serve. Without institutional mechanisms to ensure that service jobs and care work are compensated at breadwinner salaries, women’s wages will remain low. This obstacle to gender equality will certainly worsen given that these same sectors are projected to generate the most jobs in the future, which will drive down wages for those employed in them. An increase in the minimum wage would buttress pay in these sectors enough to provide for single people and for families.

### Race

#### States that failed to enact minimum wage increases had larger black populations – politicians failed to respond to their needs

Beamer 13 [Glenn Beamer, PhD (Associate Professor & MPH Director University of the Sciences in Philadelphia). “Living Wage Politics in the US States: Understanding Race, Labor, and Party Politics.” Annual Meeting of the American Political Science Association, August 29 to September 2, 2013, Chicago, Illinois] AJ

The lack of policy responsiveness to African-American constituents becomes evident within five years of the 1996 increase in the federal minimum wage. Among the nine states to increase their minimum wages by 2001, only one state, Delaware, had an African-American population that exceeded ten percent to its total population. During the next five years, an additional twelve states raised their minimum wages. Five of these states – Hawaii, Maine, Minnesota, West Virginia, and Wisconsin, had African- American populations that were less than ten percent of their total population. Six states had African-American populations that were between 13.6 percent in New Jersey and 15.9 percent in New York. Maryland, where African-Americans comprise twenty-eight percent of the population, became the first and only state with an African-American population exceeding twenty percent to increase its minimum wage. In 2006, eight additional states with African-American populations ranging from 0.3 percent in Montana to more than eleven percent in Missouri and Ohio, raised their minimum wages. Six of these states – Arizona, Colorado, Missouri, Montana, Nevada, and Ohio – raised their minimum wages and indexed them to inflation via ballot measures.

Figure 1 presents a scatter plot of African-American populations as a proportion of total population and the time to adoption for minimum wage increases beginning in 1996 and continuing through 2008. Among the twenty-one states that failed to act within the twelve year policy window created by federal inaction, nine had African-American populations that exceeded ten percent of their total population and in eight of these states African-Americans were more than fifteen percent of the population.

## International Cards

## Neg Cards

### PTX Link

#### Republicans hate the plan

Thorp 4/30 [Frank Thorp V. “Minimum Wage Boost Blocked in Senate.” NBC. http://www.nbcnews.com/feature/in-plain-sight/minimum-wage-boost-blocked-senate-n93641. 4/30/14] AJ

A Democratic bill to raise the federal minimum wage to $10.10 was met with overwhelming Republican opposition in the Senate today, where it failed to garner the 60 votes needed to move past a key procedural hurdle. The bill, which was introduced by Sen. Tom Harkin (D-IA), would have raised the federal minimum wage from $7.25 per hour to $10.10 per hour over the next 30 months, after which automatic annual increases in the minimum wage would be executed to account for inflation. Sen. Bob Corker of Tennessee was the only Republican who voted in favor of letting a debate on the measure proceed; it failed by a margin of 54-42. Following the vote, Senate Majority Leader Harry Reid (D-NV) said of Republicans who oppose the wage hike, "They're fighting for the billionaires, we're fighting for people who are struggling to make a living." Later at the White House, standing in front of a group of low-wage workers and minimum-wage hike supporters, President Barack Obama registered his disappointment with the vote, saying, "It's a very simple issue. Either you're in favor of raising wages for hard-working Americans or you're not." Republicans have said the measure would kill jobs. The federal minimum wage has been increased 22 times since it was first implemented in 1938, most recently in 2007 when it was raised from $5.15 per hour to the current $7.25 per hour by Democrats who had just gained control of both chambers of Congress. The annual pay for a full-time minimum wage worker currently sits at $14,500, which is below the poverty line for a household of more than one person. Public sentiment is on the side of an increase, with 63 percent of Americans saying they would support a minimum wage hike to $10.10 per hour in a recent NBC/Wall Street Journal poll; but the issue is steeped in politics, with Democrats and President Barack Obama arguing that it will help tens of millions of low income workers climb out of poverty, and Republicans saying that it will only hurt workers by destroying the jobs they need. Both sides have studies to back up their claims. According to an analysis of Harkin’s bill by the liberal-leaning Economic Policy Institute, the bill would “directly or indirectly raise the wages of 27.8 million workers,” resulting in about $35 billion in additional wages in the next 30 months. EPI also says the bill would create “roughly 85,000 net new jobs” over that same period of time. The EPI analysis argues that higher wages for lower-income workers will equal more spending, which will subsequently result in higher demand that would boost the economy and could result in the need to hire more workers. “Senate Republicans assert that increasing the minimum wage will not help working families, that assertion is not only wrong, Mr. President, it makes no sense, it's illogical,” Reid said Wednesday on the Senate floor. “Twenty-eight million Americans stand to benefit from an increase in the minimum wage.” But Republicans point to a report released by the Congressional Budget Office (CBO) in February which says that a federal minimum wage hike to $10.10 per hour could reduce total employment in the United States by as many as one million jobs by the end of 2016, while at the same time resulting in more than 16.5 million people seeing a pay bump of a total estimated $31 billion. The CBO says that a possible reduction in employment would be due to a number of factors, such as employers passing off the increased costs of workers to consumers, who would then spend less as a result. If a business is producing fewer foods and services because of lower spending by consumers they could hire fewer workers, the CBO says. Even if the bill had made it through the Democrat-controlled Senate, its fate in the Republican-led House was grim, where House Speaker John Boehner (R-OH) has been opposed to such measures for decades. Boehner, who in 1996 told The Weekly Standard “I’ll commit suicide before I vote on a clean minimum-wage bill,” reiterated his opposition to the bill again Wednesday through a spokesman.

### Unemployment Turn

#### Living wage causes massive job loss – prefer meta analyses

Wascher 07 [David Neumark (University of California, Irvine,) and William Wascher (Federal Reserve Board). “Minimum Wages and Employment. ” Institute for the Study of Labor Discussion Paper No. 2570. January 2007] AJ

We review the burgeoning literature on the employment effects of minimum wages – in the United States and other countries – that was spurred by the new minimum wage research beginning in the early 1990s. Our review indicates that there is a wide range of existing estimates and, accordingly, a lack of consensus about the overall effects on low-wage employment of an increase in the minimum wage. However, the oft-stated assertion that recent research fails to support the traditional view that the minimum wage reduces the employment of low-wage workers is clearly incorrect. A sizable majority of the studies surveyed in this monograph give a relatively consistent (although not always statistically significant) indication of negative employment effects of minimum wages. In addition, among the papers we view as providing the most credible evidence, almost all point to negative employment effects, both for the United States as well as for many other countries. Two other important conclusions emerge from our review. First, we see very few – if any – studies that provide convincing evidence of positive employment effects of minimum wages, especially from those studies that focus on the broader groups (rather than a narrow industry) for which the competitive model predicts disemployment effects. Second, the studies that focus on the least-skilled groups provide relatively overwhelming evidence of stronger disemployment effects for these groups.

#### Outweighs:

#### Proves international consensus which verifies that the causal mechanisms behind the job loss are true in all market conditions – this means effects will be enduring and can’t solve

#### It likely underestimates the effect since the higher the wage and the more credible the study, the worse the impact

#### Minimum wage laws cause rampant unemployment and collapses the economy – this disproportionately affects the worst off – every credible study goes neg

Wilson 12 [(Mark, Principal at Applied Economic Strategies, 25 years of economic policy experience, Deputy Assistant Secretary for Employment Standards Administration at the U.S. Department of Labor, Research Fellow at The Heritage Foundation specializing in workplace policy and tax issues) “The Negative Effects of Minimum Wage Laws” Policy Analysis, No. 701 June 21, 2012] AT

Despite the use of different models to understand the effects of minimum wages, all economists agree that businesses will make changes to adapt to the higher labor costs after a minimum wage increase. Empirical research seeks to determine what changes to variables such as employment and prices firms will make, and how large those changes will be. The higher costs will be passed on to someone in the long run; the only question is who. The important thing for policymakers to remember is that a decision to increase the minimum wage is not cost-free; someone has to pay for it. The main finding of economic theory and empirical research over the past 70 years is that minimum wage increases tend to reduce employment. The higher the minimum wage relative to competitive-market wage levels, the greater the employment loss that occurs. While minimum wages ostensibly aim to improve the economic well-being of the working poor, the disemployment effects of a minimum wages have been found to fall disproportionately on the least skilled and on the most disadvantaged individuals, including the disabled, youth, lower-skilled workers, immigrants, and ethnic minorities.16 Based on his studies, Nobel laureate economist Milton Friedman observed: “The real tragedy of minimum wage laws is that they are supported by well-meaning groups who want to reduce poverty. But the people who are hurt most by higher minimums are the most poverty stricken.”17 In a generally competitive labor market, employers bid for the most productive workers and the resulting wage distribution reflects the productivity of those workers. If the government imposes a minimum wage on the labor market, those workers whose productivity falls below the minimum wage will find few, if any, employment opportunities. The basic theory of competitive labor markets predicts that a minimum wage imposed above the market wage rate will reduce employment.18 Evidence of employment loss has been found since the earliest implementation of the minimum wage. The U.S. Department of Labor’s own assessment of the first 25-cent minimum wage in 1938 found that it resulted in job losses for 30,000 to 50,000 workers, or 7 The greatest adverse impact will generally occur in the poorer and lower-wage regions. In those regions, businesses have to take more dramatic steps to adjust to the higher costs. 10 to 13 percent of the 300,000 covered workers who previously earned below the new wage floor.19 It is important to note that the limited industries and occupations covered by the 1938 FLSA accounted for only about 20 percent of the 30 million private sector, nonfarm, nonsupervisory, production workers employed in 1938. And of the roughly 6 million workers potentially covered by the law, only about 5 percent earned an hourly rate below the new minimum.20 Following passage of the federal minimum wage in 1938, economists began to accumulate statistical evidence on the effects. Much of the research has indicated that increases in the minimum wage have adverse effects on the employment opportunities of low-skilled workers.21 And across the country, the greatest adverse impact will generally occur in the poorer and lower-wage regions. In those regions, more workers and businesses are affected by the mandated wage, and businesses have to take more dramatic steps to adjust to the higher costs. As an example, with the original 1938 imposition of the minimum wage, the lower-income U.S. territory of Puerto Rico was severely affected. An estimated 120,000 workers in Puerto Rico lost their jobs within the first year of implementation of the new 25-cent minimum wage, and the island’s unemployment rate soared to nearly 50 percent.22 Similar damaging effects were observed on American Samoa from minimum wage increases imposed between 2007 and 2009. Indeed, the effects were so pronounced on the island’s economy that President Obama signed into law a bill postponing the minimum wage increases scheduled for 2010 and 2011.23 Concern over the scheduled 2012 increase of $.50 compelled Governor Togiola Tulafono to testify before Congress: “We are watching our economy burn down. We know what to do to stop it. We need to bring the aggressive wage costs decreed by the Federal Government under control. . . . Our job market is being torched. Our businesses are being depressed. Our hope for growth has been driven away.”24 In 1977 ongoing debate about the minimum wage prompted Congress to create a Minimum Wage Study Commission to “help it resolve the many controversial issues that have surrounded the federal minimum wage and overtime requirement since their origin in the Fair Labor Standards Act of 1938.”25 The commission published its report in May 1981, calling it “the most exhaustive inquiry ever undertaken into the issues surrounding the Act since its inception.”26 The landmark report included a wide variety of studies by a virtual ‘‘who’s who’’ of labor economists working in the United States at the time.27 A review of the economic literature amassed by the Commission by Charles Brown, Curtis Gilroy, and Andrew Kohen found that the “time-series studies typically find that a 10 percent increase in the minimum wage reduces teenage employment by one to three percent.”28 This range subsequently came to be thought of as the consensus view of economists on the employment effects of the minimum wage. It is important to note that different academic studies on the minimum wage may examine different regions, industries, or types of workers. In each case, different effects may predominate. A federal minimum wage increase will impose a different impact on the fast-food restaurant industry than the defense contractor industry, and a different effect on lower-cost Alabama than higher-cost Manhattan. This is why scholarly reviews of many academic studies are important. In 2006 David Neumark and William Wascher published a comprehensive review of more than 100 minimum wage studies published since the 1990s.29 They found a wider range of estimates of the effects of the minimum wage on employment than the 1982 review by Brown, Gilroy, and Kohen. The 2006 review found that “although the wide range of estimates is striking, the oft-stated assertion that the new minimum wage research fails to support the traditional view that the minimum wage reduces the employment of low-wage workers is clearly incorrect. Indeed . . . the preponderance of the evidence points to disemployment effects.”38 Some employers will replace their lowest-skilled workers with somewhat higherskilled workers in response to increases in the minimum wage. Nearly two-thirds of the studies reviewed by Neumark and Wascher found a relatively consistent indication of negative employment effects of minimum wages, while only eight gave a relatively consistent indication of positive employment effects. Moreover, 85 percent of the most credible studies point to negative employment effects, and the studies that focused on the least-skilled groups most likely to be adversely affected by minimum wages, the evidence for disemployment effects were especially strong. In contrast, there are very few, if any, studies that provide convincing evidence of positive employment effects of minimum wages. These few studies often use a monopsony model to explain these positive effects. But as noted, most economists think such positive effects are special cases and not generally applicable because few low-wage employers are big enough to face an upward-sloping labor supply curve as the monopsony model assumes

#### Outweighs---

#### This evidence indicates there is a huge consensus that goes neg – every credible study has found minimum wage laws increased unemployment – Consensus is the strongest indicator of good evidence – high schoolers can’t do as good evidence comparison in 45 minutes than professional scholars do in years – you should default to the evidence comparison done by the scholars, which is characterized by consensus since scholars can choose sides – this is meta-level comparison about what kinds of evidence comparison to prefer

#### there’s empirical evidence that goes both ways but the basic economic principles go neg since higher labor costs means less labor – if empirics defy the laws of economics it’s an indicator your empirics are wrong since those laws have governed economic behavior since the start of history and they are assumed by all economic models